

SECOND EDITION  
REVISED

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# Porto Rico's Case

Outcome of American Sovereignty

1898-24 1925-28

DANIEL, ARTHUR J., JR.

Popular Estimate of Conditions

Shown to be Based on  
Misinformation.

Prompt Measures Needed.

Island Viewed as Making Brave Fight  
Against Handicaps Without  
Real Help.

NEW HAVEN, CONN.

JUNE 15, 1928

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(In part, Reprinted by Courtesy of "New York Times.")

DEDICATED  
To My Friend  
**HARWOOD HULL**  
Editor, "Porto Rico Progress"  
From whose Love for  
Porto Rico  
came the Inspiration  
for this Study.

A. G. D.

# Porto Rico's Case

Outcome of American Sovereignty

1898-24 1925-28

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## *A PRESIDENTIAL APOLOGIA*

To the author's regret, the first edition of this pamphlet, "Porto Rico's Case," appears to have been construed in some instances as an unjustifiable attack on the present Federal Administration at Washington.

No such offense was contemplated. "Porto Rico's Case" is not a political document. It is strictly economic in scope. Special circumstances led to its assuming a critical aspect, but the ultimate cause for criticism dates back to the beginning of American sovereignty on the Island and the erroneous assumptions and policies then accepted and put in force.

At heart the American Nation has never wavered in its desire to do the generous thing by the Porto Ricans. Its representatives have simply been misled by incomplete data and false premises.

The author would lay bare the illusions and delusions, striving solely for the truth regarding Porto Rican affairs and the mutual welfare of Nation and Island.

A. G. D.

New Haven, Conn., June 15, 1928.

## *An Attack on Economic Delusions of Long Standing*

This paper attacks delusions that since 1898 have dominated our several Federal Administrations.

These delusions, the author contends, are causing our present National Government to misunderstand the needs and pleas of the Porto Rican people, and also:

1. To interpret as benefits, influences that, while helpful to the few, are now, after a temporary respite, working bitter and increasing hardship to the bulk of the population.
  2. To over-estimate the financial ability of the few properly to educate and otherwise meet the pressing civic needs of the many—the very many.
  3. To expect that wealth produced chiefly for non-residents will contribute more than sparingly to the wealth and advancement of the Island. Compare the State of Nevada with the State of California and Porto Rico with Hawaii.
  4. To withhold from these Porto Rican-American citizens, whose island and their own labor are contributing largely to the wealth of the Nation, their rightful consideration and Federal aid.
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## *Forceful Restatement of Porto Rico's Political Appeal*

While "Porto Rico's Case" offers no comments on the political side of Porto Rico's problems, attention is called to the protests (and pleas) advanced by Porto Rico's leading statesmen,—friendly, courteous and restrained, but none the less spirited and impressive—stressing the desire that the Island should have greater political power, chief of all the right to a locally elected governor. These include:

(a) "In Defense of Porto Rico" by the Hon. Antonio R. Barceló, President of the Senate, and the Hon. José Tous Soto, Speaker of the House of Representatives of Porto Rico. (Printed in San Juan by the Bureau of Supplies, Printing and Transportation as of April 2, 1928.)

(b) The address by the Resident Commissioner for Porto Rico in Washington, the Hon. Félix Córdoval Dávila, delivered in the House of Representatives on April 12th. (United States Government Printing Office, 1928, No. 99248-4289.)

This latter document includes also in small type the statement "In Defense of Porto Rico." "Current History" for May, 1928, contains further statements by the same writers.

[As these briefs would indicate, the island has a substantial body of educated and enterprising citizens.]

*July  
20. 1928*

## Porto Rico's Case

### *Introductory*

Early in 1927 the undersigned, a retired Statistician, who for many years had held a responsible position with a New York newspaper (*The Commercial and Financial Chronicle*), a recognized authority on financial matters, devoted six weeks to touring over the fine roads of Porto Rico, incidentally observing local conditions.

On the point of leaving for home, greatly impressed by the contrast between the wretched state of the Rural population and the activity of the sugar mills, he was asked by Mr. Harwood Hull, the correspondent of the Associated Press and the editor of "*Porto Rico Progress*" (the only newspaper on the Island printed in English), to report after proper consideration on what appeared wrong in the affairs of Porto Rico.

So began an intensive study just completed, dating back to American occupation in 1898, and a series of articles, recently appearing in "*Porto Rico Progress*," for which this present compilation is in effect a summary and the conclusion.

The first impression received by those visiting Porto Rico, and in most cases the only impression, is naturally one of admiration for the great advance attained under American sovereignty; and one naturally ascribes ingratitude, as we ourselves did at the outset, to those residents who are inclined to complain of the results of this sovereignty as seen in the later years—since 1924.

For did we not behold, to an extent scarcely equalled in any other West Indian island, excellent roads and streets, efficient police of military bearing, substantial school houses—one overlooks the many poor rented structures—handsome high schools (in the cities), a school of Tropical Medicine, a University, and many another modern institution,—asylums, hos-

pitals, etc.—built and supported, so far as funds will allow, by the public treasury of the Insular Government or its Municipalities.

But we tarried long enough to look beneath the surface and doing so we perceived that, except for (a) the good roads and bridges everywhere in evidence, (b) the automobiles, not too numerous, speeding over them, (c) trim little school-houses, and (d) the occasional water supply or irrigation systems, the hand of progress has done little for the material advancement of the Rural district and its population.

Schools they have but with accommodations for less than half their children and schooling in most cases for only two or three years with fifty children to a single, poorly paid teacher. Dispensaries there are of the utmost value but far too few and far between, and much of the treatment is of necessity hardly more than palliative. Moreover, both these services, it is understood, are falling much in arrears, in comparison with the growth of population.

Wretchedly unsanitary huts were to be seen in every nook and corner of the countryside, and gathered around them numerous unemployed men and women, little children unclothed, many of them displaying unmistakable signs of disease or anemia; and, resting upon the faces of the adults, a strangely hopeless expression in strong contrast with the bright countenances of the half grown children, as we saw them bound for school.

This condition of affairs seemed quite unaccountable, until we learned that low wages and slight employment had given way to slightly better wages and rather more employment merely to slip materially backward, relative to population, within recent months; and that work on public improvements was being minimized for lack of funds. Moreover, the motor car, the motor truck, the tractor and the great consolidated estates were sounding the knell of disappearance to the supplies of free fruits, oranges and bananas, and other local food supplies, also to such forms of employment as driving ox teams and bronchos. Even the great plantations were giving

no increased employment commensurate with the growth of population.

In the cities and towns, also, where in 1898 they hailed us as deliverers, and in 1917 saluted their new found American citizenship with gunpowder, the newspapers were voicing bitter complaints regarding our nation; a Municipal building, destroyed by fire months before, was still a ghastly ruin; the unfinished Capitol building stood with hollow eyes (though now we hear to be completed); water pipes said to have cost a million dollars and sorely needed in place to ward off pestilence, were still, after many months, lying exposed on the surface. All these, and the cutting down of official salaries and of appropriations to schools and university, told of the financial stress under which the Island had fallen.

At length the truth was ours. America's millions had come with a rush, paying \$100, \$200, then \$300 and later in some cases, \$1,000 an acre for tillable land, which prior to American occupation was worth only \$30 to \$40, and when sold the proceeds were, of course, largely wasted, thereby contributing, for the time being, to active business. War demands and nine years with sugar, the major product, averaging  $6\frac{1}{2}$  cents a pound, had caused a general rush of business, abnormal incomes, public and private. Heavy municipal borrowings speeded the upward movement. But three years ago, with sugar prices falling to or below  $4\frac{1}{2}$  cents a pound, slicing millions from net profits of the operating companies, almost a pall fell over the Island.

Improved methods were able to increase the Island's sugar output by 50% (400,000 to 600,000 tons or better), giving somewhat more employment on sugar plantations, but could not stay the decline in plantation wages or in general business.

The wheels of progress having moved forward more or less constantly for two decades, were slipping backward, socially at least in the Rural districts, constituting for so great a population with such extreme poverty, so much ill health, and so little tillable land, what the writer believes to be the gravest kind of an economic situation.

The facts were ours, and however distasteful, an American's love for fair play compels us to protest even against the dictum of our own Government. We do so, in the following article, with profound apologies.

We are not a Socialist or a crank reformer. We know the worst possible course for helping the wage earner is to take measures likely to undermine the industries that bring the most employment, whether by forcing impossible taxes or wages, or removing tariff protection in the hours of distress.

But in honor to herself, before matters reach a climax, and the effects of the conditions on the Island make themselves felt in the health and well-being of Continental America, we are convinced that America must help and that, preparatory thereto, the situation should undergo an immediate and searching enquiry on the spot by experts dominated by no political bias. [Such an enquiry, it was announced in June, 1928, will be undertaken by the Brookings Institution, see p. 40.]

Thus it may well be learned how much can be done, with trifling cost to the Federal treasury, to relieve the economic stress in Porto Rico; to ease its financial burden; to make the Island attractive to Industrial enterprises; to improve health conditions that the Island shall be a Mecca and haven of rest for weary and convalescent visitors, and the Rural population be relieved of physical infirmities; and, by contributing to the funds available for public improvements, education and occupational training to further, in substantial fashion, the uplift, the knowledge of English and the general welfare of the loyal people of this "the loveliest island washed by the ocean waves" (Governor Charles H. Allen in report of 1901).

61 MANSFIELD STREET,  
NEW HAVEN, CONNECTICUT,  
APRIL 3, 1928.

ARNOLD G. DANA.

It was purely a coincidence that the pamphlets, "Porto Rico's Case" and "In Defense of Porto Rico" were issued, simultaneously, alike in shape and appearance, the one dated April 3 at New Haven, the other April 2 at San Juan. In neither instance did the author, or authors, know that the other publication was in preparation or contemplated.

**FORMAL PETITION SENT BY LINDBERGH TO U. S. A.**

At the reception to Lindbergh, the Ambassador of Peace, at San Juan, Porto Rico, on February 3, 1928, the Speaker of the House, José Tous Soto, read a concurrent resolution of the Legislature welcoming the Colonel to Porto Rico and also containing the following (somewhat ambiguous) petition to the American people asking freedom, which, it was subsequently explained, meant full control of internal affairs but not severance from the United States.

Welcome to our island, Colonel Lindbergh! Welcome to the only place under the shadow of Old Glory where the discoverer [Columbus] ever set foot! Welcome, worthy son of the American Eagle! Welcome, Lone Eagle!

The good wishes of Porto Rico will go with you to the land of the brave and the free, and to your country and to your people you will convey a message of Porto Rico not far different from the cry of Patrick Henry—"Liberty or death!" It is the same in substance, with but a difference imposed by the change of times and conditions.

The message of Porto Rico to your people is: Grant us the freedom that you enjoy, for which you struggled, which you worship, which we deserve and you have promised us. We ask the right to a place in the sun of this land of ours, brightened by the stars of your glorious flag.

While on its face a request for freedom, this was merely intended, it appears, as an impassioned appeal for consideration and assistance befitting the urgency of the case—in other words, little more than a renewal of the plea for Economic Relief, often reiterated in vain in recent years, combined with a request for permission to elect their own Governor, enjoy certain privileges possessed by the States of the Union (presumably as to highway aid, education, occupational training, etc.), and some local tariff adjustment. This explanation is so important that we give it in full on a supplementary page. We believe it has never before been published outside of San Juan ("In Defense of Porto Rico," however, covers the same ground at greater length).

## **REPLY SIGNED BY PRESIDENT COOLIDGE**

In reply solely to the original message and a telegram to the Havana Conference (the foregoing explanation being wholly ignored) there was mailed on February 28 and published on March 16, a rather spirited statement, over the signature of President Coolidge, addressed to Governor Horace M. Towner at San Juan, respecting the relation of Porto Rico to the United States, the entire absence of any excuse on the part of the Porto Ricans for expecting complete freedom, and the failure of their political leaders to appreciate either (a) the extraordinary amount of freedom already conferred by the Organic Act, or (b) the signal benefits which American occupation has brought to the Island. (See Appendix.)

This document, though bearing the signature of our Honored President, quite plainly came, nevertheless, from the hand of some person having little knowledge of local conditions or at least realizing nothing as to changes which, within a recent period, have come over the Island, causing the hopes of the Rural population to fade and filling the minds of the Island's political leaders with something little less than consternation.

However viewed or explained, this was certainly a most extraordinary document. For years past the Porto Ricans had been seeking economic relief at Washington. They asked for bread, or the means to obtain it, and were given—no, they were told to buy—an English Primer. And now this virtual rebuke—or reprimand!

### *Present Extreme Poverty of Porto Rico's Rural Population*

Would any one believe us when we say that there are in the Rural districts of Porto Rico to-day literally many thousands of natives, born quick-witted, chiefly of Spanish extraction, three-fourths of them white, to whom we have given American citizenship, and yet who live in such extreme penury that except as luxuries they seldom taste “vegetables, meat,

milk or eggs"? (Compare Official Report for 1925, Pages 529-526.) Bread also they get rarely.

Proud and hospitable they are, ambitious for the education of their children, devoted to their families, and the Island, the place of their birth, and yet by long serfdom, dire poverty and lack of privacy in their small huts, made easy prey to promiscuity, undoubtedly the cause of excessive birthrate.

Crowded into tiny shacks, commonly without latrines, except as built by Health Board (happily now numerous in some localities); their employment mostly seasonal and at excessively low wages; many—a rapidly increasing number, especially men—wholly unemployed; no land to cultivate, save as granted by employers; many of them sick, they are taxed on every purchase of soap, of clothing, of medicine, of shoes to protect their feet from the prevailing hookworm.

### *A Garden Spot*

Porto Rico is a small island of "Heavenly" beauty; only three-fourths the area of Connecticut, it was originally blest by nature with extraordinary fertility to the mountain tops and with luxuriant forests. It has a salubrious tropical climate tempered by fresh winds, and a bounteous water supply except for a strip on the south and ends under the lee of the mountains, manifest in more than 1,200 streams (some of them occasionally dry), and with a rainfall variously distributed as to locality, but averaging twice that of New York.

But when the United States took possession 30 years ago the forests were practically gone and the more fertile lands had been cultivated—miscultivated—by the Spaniard for four centuries; while still fertile, they had lost the virgin strength which gives Cuba much of her superiority in sugar production.

The natives also were in a miserable state, due as we now know, to tropical diseases capable of cure, and to neglect by their former oppressors who failed to provide any education, medical attention, or decent living conditions.

### *Naturally Rather Clever*

They were and are possessed of rather exceptional mental acumen. This was shown by the \*Columbia Educational Survey of 1925, which reports, Page 106, that the young children excel the children of Continental America "in arithmetical computation, arithmetical reasoning, and spelling." This is true up to the age when one or another of the common maladies overtakes them.

The 17,000 young men from Porto Rico who served in the American Army during the World War proved their worth and we have confirmed officially from Mr. Ford's representatives the fact that many of the group which were sent from the Polytechnic Institute at San German to the Ford plant at Detroit, made "a good record."

Doctors Ashford and Gutierrez comment on the "astuteness" of the Rural jíbaros.†

### *Small Acreage Available For Local Foods*

A numerous and prolific progeny, numbering 953,000 in 1898, they were, and still are, for the most part a rural-agricultural people, devoid of land and mechanical industries. Even then the Island's surface (2,198,400 acres) was in few hands.

There existed only ‡60,953 farms and these, while embracing a total of 2,090,181 acres, were cultivated only to the extent of 299,000 acres, 3.2 persons to the acre; and the bulk of this acreage, no doubt in Spanish continental ownership, was planted with Spain's favorite coffee (122,000 acres) and sugar cane (61,000 acres) with which to sweeten it.

The situation is far more trying to-day, with a greater concentration, but a different major ownership and control—

\* Made under the direction of the International Institute of Teachers College, Columbia University.

† See aforesaid works by Mixer and Fleagle; the latter quotes several pages of the book, "Uncinariasis in Porto Rico," regarding the condition of the Rural population.

‡ These statistics for 1897, compiled by office of Civil Secretary, are used in preference to data in War Department census of 1899. See p. 146, said census.

92% of the Island's total acreage being compressed in 1920 into 41,078 farms, harvesting (in 1919) only some \*770,000 acres, whereof 660,000 acres (alone reported in detail) show: Sugar cane 228,000 acres, tobacco 39,000 acres, coffee 193,500 acres, hay and forage, 20,409 acres; balance for local food crops, 179,091 acres, or on the average, *one acre for each seven persons* of the 1920 population (plus some allowance for acreage with details unreported). The present number of estates is still more restricted by local estimates to "only 30,000," or 35,000.

### *The Official Statement*

A complete misconception of concrete facts and the (excessive) "use by the elected representatives of the people of Porto Rico of an authority granted by the present very liberal organic law," the official statement intimates, are the sole basis for the Porto Rican Resolution and also of "the present difficulty in the finances of the Insular Government." This is said "without admitting the existence of a grave economic situation" and "in the hope" that "the difficulty is but temporary."

A grave misconception of facts indeed, and presumably some faulty administration and over-hopefulness. But has the President himself been correctly informed as to the hidden forces at work, as well as concerning the enormous swelling of exports?

If so, how shall we explain any such array of enigmas as the following:

#### *(1) The Charge of Over-Liberal Expenditures*

How can the present "financial difficulty" of the Insular Government be said to result wholly from local errors of judgment when we recall:

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\* This figure is reached as follows: Of the total crop production in 1919, valued at \$64,086,178, a total of \$54,708,483 was produced on farms having a total acreage of 660,564, hence we may assume the aggregate of all harvest acreage to approximate 770,000.

(a) The emphatic urging by the President to greater expenditures for education in Porto Rico, as late as last December.

Did not the Administration at Washington know that, starting with "the bare rudiments of a public education" following American occupation, Porto Rico has built up a school system served by nearly 4,500 (underpaid) teachers and housed in more than 2,000 buildings, many of them new, and enrolling more than 210,000 of the 500,000 children of school age,—"a monumental achievement," which, "considering the slender resources of the people," the Columbia Survey says, "is without a parallel in the history of education in Continental United States." (Compare data in "Statistical Abstract of the United States for 1926," p. 106.)

Is Washington not aware that this struggling little daughter of the Republic has expended on education in the last fifteen years sixty millions of dollars,—in the last thirty years probably \$70,000,000—including schools and school equipment? If not, let them turn to page 382 of the aforesaid Survey and add to the figures there given the totals for the years 1926, 1927, and 1928. (See table in Appendix to this pamphlet.)

Did they not appreciate last January, when advising further educational expenditures, that Insular and Municipal expenses for education in Porto Rico (capital and current) had already been increased from \$2,800,000 in 1914 to practically \$7,000,000 in 1925; and that the total of all activities by these bodies had risen from \$7,500,000 in 1914 to \$20,750,000 in 1925, a rate of increase only possible of maintenance under boom conditions, now at an end.

(b) The virtual invitation to borrow in the United States on wholly tax free bonds that was given by Congress in 1921 when it increased the limit for public indebtedness in Porto Rico from seven to ten per cent of aggregate tax value of property. It was in these last few years that the greater part of the Municipal bonds were issued.

### *Few Wealthy Inhabitants*

(c) The small number of monied persons sustaining the load.

The official statement contains a heart-rending description of the beggared, illiterate and diseased condition of the "great body" of the population. But how is it supposed that the remaining "little body" of well-to-dos, without a generous and continuous outpouring of bonds (substantial Federal aid being lacking), could undertake and carry on this immense load of school construction, road building, that network of hard surfaced highways covering the Island, the installation of water works and sewers, the building of asylums and hospitals, and all the rest of the equipment and services, almost wholly lacking before, that go to make up the background of any civilized territory, however modest.

The San Juan correspondent of the "*New York Times*" says that there are today little more than one in ten of the 1,500,000 inhabitants of the island who have property enough to be tax payers; and the figures at hand indicate the truth of this assertion.

### *Insignificant Savings Accounts*

Is it possible that it is not known in Washington how little wealth is located in private hands in Porto Rico? Have our officials not heard that only one person out of thirty-one has a savings account, contrasting with one out of two and a half in the United States and one out of three in Hawaii?

Do they not realize that whereas Savings Accounts from 1924 to 1926 increased in Connecticut from \$637,000,000 to \$739,000,000, or by ..\$102,000,000

And in North Carolina from \$136,000,000 to \$148,000,000, or ..... \$12,000,000

In Porto Rico they increased only from \$11,-165,000 to \$12,276,000, or ..... \$1,000,000

If not let them consult the reports of Governor Towner for 1924 and 1926 (p. 11) and the Statistical Abstract for 1926, p. 264.

Also that the U. S. Comptroller of Currency in his report for 1926 (p. 41) shows the following comparison of deposits per capita of total population:

	<i>Savings</i>	<i>Total Dep.</i>
Porto Rico .....	\$ 10.13	\$ 29.78
Alaska .....	42.56	116.40
Hawaii .....	79.21	249.52
Total U. S. possessions .....	164.15	381.32

#### *And Small Taxable Incomes*

Also that income tax returns are filed by only one out of 320 persons, as against one out of 14 in the United States including those exempt; and that the number of persons subject to normal and surtaxes was in 1923 only 2,206 as against 3,225 in 1920?

That for the boom year, 1920, the individual income tax returns showed only thirty-one tax payers having net incomes in excess of \$30,000; that in 1923 there were only thirty-six individuals reporting net incomes in excess of \$20,000.

Also that although Professor Haig of Columbia, acting as expert tax adviser, reports at that time the income tax was "heavier on incomes less than \$18,500 than in the States," the personal income taxes levied aggregated only \$594,141 in 1920, only \$160,499 in 1922, and only \$216,048 in 1923.

By these facts and by the results shown on the following page and pages for the laboring class, are laid bare the delusion that wealth produced chiefly for non-resident property owners is in Porto Rico a source of much local wealth.

Furthermore, the normal corporate incomes are relatively small, as the following indicates:

For the boom year 1920, the 211 corporations subject to tax reported net income subject to normal tax of only \$38,537,703, and subject to excess profit tax of only \$29,012,880, and in 1922 these amounts had dropped for the 181 corporations taxed to \$5,239,672 and \$703,877 respectively.

The total amount of corporate income and excess profits taxes as levied, fell from \$4,598,578 in 1920 to \$196,676 in 1922, and \$471,875 in 1923; and the partnership levies (then taxed separately from personal incomes) from \$1,621,732 to \$128,793 in 1922 and \$278,825 in 1923.

NOTE—All these income tax figures, personal and corporate, are taken from the special message of the Governor dated March 18, 1925, incorporated in slightly condensed form in this pamphlet. See Appendix.

*(2) The Claim That the United States Has Dealt Liberally*

Emphasis is laid in the Washington document on the huge profits which Porto Rico is making from her ability to ship sugar and tobacco tax free into the United States.

But does not everyone know that the sugar mills and the sugar plantations and also the tobacco plants and the tobacco plantations, and also more recently the fruit plantations, have come to be chiefly owned and controlled by interests domiciled outside of the Island; and that the profits therefrom must go to the owners or stockholders wherever located, relatively few of them being in Porto Rico. The Governor's report for 1925 calls attention to the fact that the three largest companies, all under American control, and owning or controlling eight plants on the Island, alone make close to half (in 1925 43.6%) of the sugar produced on the island.

Has it escaped notice in Washington that, although the value of the sugar produced in Porto Rico in 1919 was placed at \$56,400,000 against \$20,500,000 in 1909, the laborers and other workers on the sugar plantations increased in number only from 84,153 in 1910 to 84,827 in 1920, the number of men employed actually decreasing by 390; and that the total amount of wages paid in 1919 by the sugar mills to 7,490 wage earners (the average number) aggregated only \$2,832,-000 as against \$1,228,000 paid to 5,062 workers in 1909, indicating an annual average wage of \$378 against \$242, as reduced by irregular (seasonal) employment and the employment of women.

Is it not sufficiently evident from these data that the rank and file of the Porto Rican people are far from making huge profits on such business so owned, controlled and operated?

These remarks are not to be taken as criticizing the sugar companies or their management. Low priced sugar threatens the very existence of some of them. They compete with makers of enormous amounts of sugar cultivated in other lands with cheapest of labor, Negro, East Indian, Chinese, Japanese, Filipinos, Javanese, etc.

More and more in the way of mechanical appliances is replacing man power. The Porto Rican laborer, except as from time to time, treated by the Health Department, falls badly below normal efficiency.

Crops generally in Porto Rico need considerable fertilizer—in 1920, 8,052 farms (out of 41,078 reporting) expended \$5,697,000 for fertilizer; the total value of all crops on all farms in the year was \$64,086,000.

Much higher taxes or wages (or reduction in the U. S. tariff on sugar) would appear likely to endanger or destroy the industry in the face of a world production of sugar that has jumped from an annual average of 19,297,000 tons in 1910-14 to 27,707,000 tons in 1926, and 26,301,000 in 1927 ("Commerce Year Book," 1926, vol. 1, p. 219).

The reports of the three leading Porto Rican sugar companies as compiled by the writer, disclose total receipts in 1926-1927 of \$32,000,000 (against 25½ million in 1925-1926), net earnings \$9,165,000 (against 5½ million in 1925-26), and surplus of only \$3,090,000 on the year's operations over dividends (\$3,203,000), interest and depreciation.

Cuba has huge tracts of virgin lands, and the Hawaiian companies, using the latest intensive methods and copious irrigation from water systems that have cost them some \$28,500,000 derived from earnings or proceeds of stock issues, succeed in producing 800,000 tons of raw sugar (in 1927) on 125,000 acres (using different lands in alternate years) while Porto Rico averages only 600,000 tons (at a maximum 660,000) from about 240,000 acres, chiefly the same lands in all years.

### (3) *Taxing the Poverty-Stricken*

An astonishing statement in the Washington pronouncement is the assumption of credit for relieving the struggling masses of Porto Rico from iniquitous taxes.

Does not the Chief Magistrate know that a recent Act of Congress was one of the chief factors in compelling the Porto Rican government to lay on all Porto Ricans, rich and poor alike, sales taxes of the most oppressive kind?

These sales taxes and the excise taxes previously enacted and now reinforced apply to every article of merchandise, with few exceptions, sold or brought into Porto Rico even as a gift and compelling the opening of every parcel post package coming from the United States—taxes that in effect, though paid but once and not applying to food, are undoubtedly doubled and more, after the manner of such taxes, and passed on and distributed to the poor consumer even of beans and dried cod-fish. See new tax rates in "Commerce Reports" July 18, 1927, p. 186.

In 1917, acceptance of Prohibition cost the Porto Ricans their profitable liquor manufacturing business and so cut off more than a million dollars annually from their annual tax

collections. In lieu thereof, we agreed, by Act of Congress, to give their government the proceeds of our own levy in this country on cigars and cigarettes manufactured in Porto Rico.

When Congress in 1926 cut practically in half the tax on cigars, this measure reduced the return therefrom to the Insular Government from more than \$1,000,000 yearly on the average to \$440,000 in 1927, helping, with tax litigation and the floating debt caused thereby, to make essential the iniquitous taxes of which we have been speaking.

#### *(4) That Strange Claim as to Reducing Death Rate*

The death rate in Porto Rico from 1888 to 1896 (prior to American occupation) as shown in War Department census for 1899 (p. 113) ranged from 24.6 to 32.1 per 1,000 inhabitants, averaging 29. In 1927 it was 23.3.

But by what inscrutable, lamentable statistical figuring, may we ask, is this calculated as proving, much to our credit, as claimed in the Washington statement, an approximate dividing by two of Porto Rico's mortality? True it is that from 1897 to 1901 the death rate ranged from 34.4 to 36.7. But is it not a fact that there was a Spanish-American War in 1898 which, by prostrating the island's trade with Spain, reduced the population of the Island to the verge of starvation?

Also was there not on August 8, 1899, a disastrous hurricane which destroyed 25,000,000 pesos' worth of Porto Rico's coffee plantations, as well as cattle, etc.? Did not this event necessitate our serving 32,000,000 pounds of rations for eleven months to 250,000 indigents? Governor Davis reported as much. (War census 1899 p. 147.)

Surely these years of famine afford no fair basis for such a claim; while the years of minimum rates also, 1914 and 1924, were too soon followed by a striking advance in the number of deaths to serve as a proper standard of comparison with the earlier high rates.

Further, by what perverted reasoning should the nation plume itself for (1) the advance of medical science as to the prevalence of Unci-

nariasis (though honor to the army scientist contributing thereto). (2) The generous appropriations of Insular income for disease control and the untiring self-sacrifice of the domestic Health Bureau, practically unaided by Federal funds, though materially assisted of late by International Health Board. (3) The passing relief of a temporary betterment of living conditions.

### *(5) Those Gifts to the Porto Rican Government*

The Washington document dwells on the Federal expenditures of \$5,000,000, which it says benefit directly the people of Porto Rico. Special mention is made of Lighthouse Service, the Agricultural Experiment Station, the maintenance of the Porto Rican Regiment of the Army, participation in Harbor Improvements, Financial assistance to the College of Agriculture and the activities of the Veteran's Bureau,—really incidental perquisites, are they not of American control?

Furthermore, out of the total operating revenue of \$11,000,000 reported in 1927 by the Insular Government, hardly \$2,000,000, it is said, after deducting the receipts from customs, local income taxes, and much of the excise taxes, would have accrued to the Island had it been a State of the Union.

But even if this be true,—and it is vigorously disputed in Porto Rico's interest—wherein lies the liberality? Here is this little body of say 150,000, possibly 200,000, more or less, well-to-do persons obliged to carry, through taxes paid by themselves and such levies as they can coax from foreign capital (which has come to the Island for profit and not for eleemosynary purposes), all the current running expenses of an island that is devoting its major wealth-producing powers, so far as these are employed, to the making of sugar and tobacco for the consumption, and to a great extent, the financial profit of the people in the United States.

By what stretch of the imagination can it be supposed that our Government could do less than let them finance themselves out of taxes paid by themselves?

As a matter of fact, one of the chief grievances on the Island, and one not without basis, is that its people, while so little assisted in carrying the essential costs of govern-

ment, are obliged to live under the provisions of the United States tariff, which, while it brings them a substantial amount of public revenue, practically cuts them off from the purchase of their supplies at lower market prices elsewhere than in the United States and thus raises materially their cost of living and increases the hardships of the indigent population.

*Effects of American Tariff on Local Food Supplies, etc.*

Upon imports of rice, for instance, amounting in year 1926-27 to 174½ million pounds, valued at over \$8,100,000, the American duty of 2 cents a pound, it is asserted, represents a burden on the poor Porto Rican's table of approximately 3½ million dollars annually. The same applies more or less generally to imports of wheat, flour, codfish, beans, pork, lard, corn, wearing apparel and other essentials of Porto Rican life.

On the other hand it is a question whether the American tariff is not one of the main factors causing the island's coffee trade to languish despite high prices for coffee, the foreign customers naturally turning to markets where they can sell as well as buy.

*(6) Loss of Coffee Business and Spanish Bounties*

Reference is also made by the statement to the profits on coffee sold to Cuba. But should we not recall the fact that the American occupation cut off Porto Rico from her principal market for coffee, which was Spain, and from the bounties which Spain was accustomed to pay thereon? Spain is now buying much coffee from Venezuela, and France and Italy also are taking less Porto Rican coffee than formerly.

Coffee is the poor man's crop, raised on many small farms and picked by an army of women and children. The decline of the Island's export trade from more than 50 million pounds to less than half that amount is a most serious matter for Porto Rican laborers. There are numerous causes assigned for it, but it hardly seems that, while purchasing so little of the coffee ourselves we should take pride in the amount bought by Cuba.

*(7) Strange Provision Respecting Bond Interest*

Would it be proper to ask the President to explain for what friendly purpose there was included in the Organic Act as amended March 4, 1927, that strange provision, namely:

"In case the available revenues of Porto Rico for any fiscal

year, including available surplus in the Insular treasury, are insufficient to meet all the appropriations made by the legislature for such year, such appropriations *shall be paid in the following order* unless otherwise directed by the Governor.

"First class—the ordinary expenses of the Legislature, Executive and Judicial Departments, of the State Government, and *interest on any public debt shall first be paid in full.*"

Thereafter, if any funds remain, the appropriations are to be applied in the following order: (2) In full for all institutions such as penitentiary, insane asylums and the like, where the inmates are confined involuntarily. (3) In full for education and educational and charitable institutions. (4) In full for any other offices, bureaus or boards. (5) All other appropriations.

In other words, if Porto Rico be at any time so hard pressed as to default on bond interest, her convicts and insane must go unfed and the children in the public schools remain untaught so far as public funds are concerned.

#### *(8) Effect of Special Funds*

But is not the crowning delinquency of this Federal manifesto the straining to fasten "exclusive" blame on local administrators and their supposed over-hopefulness to an extent which causes blindness to the more fundamental troubles and the swallowing of an entire camel of adverse influences in which Federal policies with reference to the island have undoubtedly played an important part?

What, then, are the special influences that have served up to a comparatively recent period to keep the Island's internal commerce fairly active, labor at least hopeful, and the Insular and Municipal treasuries most of the time in reasonably easy circumstances,—influences that, by their withdrawal, must be considered as producing the new accumulating hardships described by local leaders as "a grave economic situation."

They are, in brief, a succession of huge incoming waves of unusual funds amounting, during the three decades in the aggregate, to a sum certainly between two and three hundred millions, if not in excess thereof, and growing heavier as the World War and the post-war boom progressed.

These embraced (a) Cash contributions, relatively small,\* from the Federal Government; (b) private capital outlays on a vast scale for the purchase of plantations, construction of sugar and tobacco plants, etc.; (c) the proceeds of some \$47,000,000 Insular and Municipal bonds sold at home and abroad.

They also embrace, as perhaps the greatest item of all, the war and post-war booms, affecting both sugar and tobacco, but which as touching raw sugar, the Island's mainstay, raised the prices for the nine consecutive years, 1916-24, on the average about two cents a pound above the normal—to 6.31 cents, as against 3.9 cents for 1910-15, and say 4½ cents from January 1, 1924, to date.

On the Island's sugar exports, 419,000 tons in 1920, this excess price meant an addition of say \$16,750,000 to corporate gross receipts. On the present increased output of 600,000 tons the decline means a difference of \$24,000,000.

#### *Absentees Get Most of the Profits*

The great bulk of the exceptional profits beyond question went abroad to Porto Rican and other absent owners and stockholders, leaving the Island's share relatively trifling. But enough gain remained on the Island in the form of dividends, uncommonly liberal remuneration to labor, surplus income spent on improvements and additions greatly to quicken general business, improve temporarily the status of labor and put Insular Government finances in a fairly buoyant state for a considerable number of years.

Under such circumstances one cannot much censure the Insular and Municipal Governments of Porto Rico, if they

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\* See closing remarks on page 44.

progressed rather rapidly in providing additional services and facilities, expensive but altogether essential to a self-respecting community, such as an up-to-date penitentiary to replace a dungeon; and that they even ventured to undertake the construction of a capital building that any State might be proud to own. Apparently good times had come to stay.

Let us visualize this inundation of funds, now measurably checked, by the following probably over-conservative statements. (A leading local statistician claims that not over 15% of the wealth of the Island now belongs to native Porto Ricans—See “Porto Rico,” 1925, by Claudio Capó, p. 61. This figure may be too low. “It has been said that two thirds of the benefits accruing from the sugar industry are received by absentee owners.”)

*The Island's Exceptional Receipts of Capital and Income*

(a) Cash contributions by U. S. Government to Insular Government:	
(aa) U. S. tariff collections to July 25, 1901, on imports from Porto Rico dedicated to education and public works by Act of March 24, 1900 (Census Bulletin No. 24, p. 9, year 1905) .....	\$2,714,249
(bb) Taxes collected in U. S. on Porto Rican cigars and cigarettes from 1917 to 1928 (Act approved March 2, 1917) .....	\$10,640,000
(b) Outside capital going into sugar, tobacco, fruit and other plantations with their railroads, etc., say .....	\$45,000,000
(c) Also into manufacturing plants, mostly sugar and tobacco, total manufacturing capital, 1919 census, \$84,151,000, say	\$70,000,000
(d) Bonds sold by 76 municipalities, now \$18,782,000; original issues about .....	\$20,000,000
(e) Insular Government bonds now \$25,555,000; original issues about .....	\$27,500,000
(f) Private capital invested in new bank and office buildings, hotels (Vanderbilt), private hospitals (Presbyterian, etc.), churches, schools, etc., say .....	\$10,000,000
(g) Extraordinary expenditures by individuals, corporations and the Government, freely made during good times on acquisitions, improvements, etc. .....	A large sum
(h) Loans by Federal Land Bank to tobacco and other planters, 1922 to 1927, approximately .....	\$11,000,000
Total far in excess of .....	\$200,000,000

#### (9) *Why Fail to Note the Abating Flood*

If the foregoing table discloses, as it certainly does, the prevalence during the greater part of the past three decades, (since American occupation began) of conditions making incomes in Porto Rico abnormal in amount, both public and private, how can we expect otherwise than with the seemingly permanent fall of sugar prices and the return of other elements to a somewhat lower level of activity, that economic pressure should make itself felt, for State, municipalities and the unhappy common laborer.

The sugar companies in their effort to offset falling prices by larger output, have pushed up production from the former basis of 440,000 tons yearly to 600,000 tons or more, but the increase, while helping to swell the value of exports, is made on a narrow margin of profit that requires careful economies, resulting not only in lower wages on most of the sugar plantations, but also in a tendency to use more women and more mechanical devices in place of man power.

Efforts to check this process by injudicious legislative measures, through forcing up sugar wages or otherwise, could not fail to do damage as was the case in the Island's needlework industry in 1921, when 25,000 women and girls were, by a dollar a day Act, forced out of the shops into the more poorly paid work in the same line at their own homes, until in February, 1924, the law was declared unconstitutional. The workers were then glad to return to their jobs and in 1925 were getting an average daily wage of 77.9 cents against 39 cents during the previous period in 1922-23. (Report for 1925, pages 528, 529, 587.)

Furthermore, the limitation which Congress, early in 1927, thought it advisable to place on the issuing of municipal bonds, reducing the limit from 10 to 5 per cent of actual property valuation, except for two cities, San Juan and Ponce, has had the effect, save in the case of a very small number of the seventy-six municipalities, of putting a virtual stop, for the time being, to further issues of their securities, no matter how urgent the need of the object to be financed, since in many cases the new limit has already been reached. (Report for 1925, p. 33.)

Naturally, also, present conditions do not favor large capital investments nor can the acquisition of additional lands for the raising of sugar cane be continued, except as weak holders

sell out, for the Governor tells us that the land suitable for that purpose is practically all in use. (Report for 1927.)

#### (10) *Those Declining Items of Public Revenue*

Shall we also not take into account the decline in Governmental receipts from certain principal sources of revenue, and the attempt in lieu thereof, by increased scope and weight of Excise and Sales Taxes, to throw on the general masses of the people of Porto Rico, who have not a farthing to spare, the burdens of Government which the small body of well-to-dos cannot carry and the corporations believe they should not be asked to assume? Does this not, in itself, constitute "a grave, economic situation"?

The Insular Government and the municipalities keep separate accounts and have separate budgets, the municipalities deriving the chief part of their revenue from the general property tax (in which the Insular government shares to only a small extent), and school and special levies. The municipal budgets aggregate from \$6,000,000 to \$6,500,000 yearly.

The leading receipts in the Insular Government budgets from 1919 to 1927 and estimates thereof for the years 1928 and 1929 (meaning always here years ending June 30), are brought together in the following table to show (a) the reduction in revenue from Income taxes (the levies for 1920 delayed by litigation figuring largely during 1922 to 1925); (b) also in receipts from the Federal Treasury, being the U. S. Internal Revenue levies on Porto Rican cigars and cigarettes sold in the United States; together with (c) the rise of customs revenues and also (d) in the aforesaid Excise Taxes, derived, in the earlier years shown, chiefly from cigars and tobacco.

*Budget Receipts of Insular Government*  
(In thousands of dollars, that is, 000 omitted)

June 30 years	Estimated		Actual			
	1929	1928	1927	1926	1925	1924
Income Taxes .....	\$2,100	\$2,000	\$1,759	\$3,093	\$1,450	\$2,517
U. S. Int. Rev. (gift) ..	450	500	441	988	1,217	827
Excise Taxes .....	6,000	6,000	5,885	4,774	3,282	3,166
Customs .....	1,800	1,800	1,806	1,804	1,359	1,155
Total, incl. miscel. ....	11,510	11,470	11,358	11,733	8,475	9,208

<i>June 30 years</i>	<i>1923</i>	<i>1922</i>	<i>1921</i>	<i>1920</i>	<i>1919</i>
Income taxes .....	\$2,444	\$4,163	\$1,664	\$2,458	\$ 802
U. S. Int. Rev. (gift) ..	1,077	865	2,720	286	929
Excise Taxes .....	2,370	2,706	3,218	2,985	2,891
Customs .....	860	525	540	300	855
Total, incl. miscel. ... abt.	9,935	9,453	9,151	7,238	5,842

The Porto Ricans have the high spirit and love of independent action that characterizes the Spanish race from which they spring. They have shown a commendable desire to fight their own financial battles, but, as said before, how can one-tenth of the population sustain themselves and also the nine-tenths and their centuries-old accumulated requirements, with the annual charges these have involved?

### (11) *Encroachments of Sugar and Fruit Culture*

The official publications have not disguised the truth. Why is it ignored? The Commissioner of Agriculture in separate report for 1925 (pages 120, 111, 46) says in substance:

"Rice is one of the principal articles in our diet. With the change of sovereignty, sugar became our most important product and rice growing was entirely replaced by sugar cane."

"The sugar encroachment upon our cattle industry is responsible to a great extent for the shortage of meat and dairy

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NOTE:—In 1927 the Governor wrote in brief: "The reduction on the Income Tax as compared with the previous year was caused by the fact that the amount received for the year 1925-26 included the retroactive collection of over \$800,000. The very low price of sugar during the entire year 1926-27 (averaging 4.76 cts.) also caused a much diminished return on the Income Tax. The other item showing a considerable reduction was the U. S. Internal Revenue and that was caused by the reduction made by Congress on cigars and cigarettes, which reduced the revenue return in Porto Rico more than one-half."

There is a floating debt of about \$3,000,000 (caused by tax litigation—Ed.), which, however, is being paid out of current revenue at the rate of about \$1,000,000 a year.

Total revenues received by all the municipalities during the year, \$7,688,000; cash balance on hand July 1, 1926, \$8,175,700; total disbursements during year \$8,656,000 (budgetary appropriations \$6,504,000); cash balance of municipalities June 30, 1927, \$7,207,000.

products. In 1897 nearly \$300,000 worth of cattle and hides and skin were exported. Our livestock industry supplied all our needs. This year for the sustenance of every inhabitant, it has contributed 4.2 kilograms (9.2 lbs.) of meat and 9.3 liters (say 10 quarts) of milk."

In Java, we are told, 14 out of 24 months are devoted to raising sugar cane, etc.,—the remaining ten months to crops for the native population. The shift is so made as to keep production uniform. There is little or nothing of this kind done in Porto Rico.

Now comes the raising of fruits and vegetables for the Continental market, and even the staple banana, though not exported to any large extent, grows expensive. (Report for 1926, p. 34; for 1925, pp. 515, 516, 525, 550.)

#### *(12) Other Striking Evidence of Increasing Economic Pressure*

Here again, how can we escape giving due weight to the increasing economic pressure resulting from such influences as the following, as shown by the United States Census and other reports:

(a) *Farm Absorption*:—The reduction in number of farms, from 58,000 in 1910 to 41,000 in 1920, and since then making rapid progress. (Claimed to be down to "about 30,000" in 1928.)

The cultivated acreage is going over, more and more exclusively, to production for Continental consumption of sugar, tobacco, fruits, vegetables, etc., with coffee still largely raised and sold to other nations.

This process has so reduced the native food supply that, with increased cost of imported food and the decline in agricultural pay since 1924, resulting from the fall of sugar prices, the agricultural laborer has constantly increasing difficulty in getting food.

(b) *Population Outruns Employment*:—The increase in population from 1910 to 1920 by 182,000; in number "gainfully employed," by only 15,000 (men 5,000; women 10,000).

The 409,000 persons gainfully employed in 1920 was only 45.2% of the 904,000 over ten years of age (children of 10 to 15 so employed, 17,191), as against 50.4% (394,000) out of 781,000 in 1910.

The number employed in agriculture increased during this same decade by only 4,500 as already noted, and the number of men employed therein actually decreased 2,500.

In the foregoing paragraphs as to Employment and Farm Absorption we uncover the Delusion that this inrush of agricultural capital into tiny Porto Rico has failed (or could otherwise than fail in the absence of protective measures and new industries on a large scale) to oust native ownership and cause more and more strained living conditions to the Farming class.

The poorer financially and the less well-informed the native land owner, the more certain he was to part with his property as taxes increased, and with him and his family are being set adrift his tenants and squatters, a numerous company. The planters generally, it is stated, were heavily in debt in 1898.

(c) *Increasing Death Rate*:—The death rate since 1924 has increased ominously, step by step, until in 1927 it reached 23.3 per thousand of population, being almost exactly 25% over the average (18.7) for the earlier year. There were in 1927 7,676 more deaths than in 1924; while compared with 1923 there were 3,544 more deaths from diarrhea, and enteritis; 1,111 more from malaria; and 1,145 more from tuberculosis, those being the diseases especially affected by poor and insufficient food. The death rate in 1927 was more than double the average rate in the United States in 1924 and 1925. Deaths by starvation in 1925, 74; in 1923, 42.

<i>Deaths from—</i>	1924	1925	1926	1927
Malaria .....	959	1,474	1,755	2,103
Tuberculosis .....	2,834	3,085	3,408	3,842
Diarrhea and Enteritis .....	4,472	4,802	5,354	6,211
Total incl. all others .....	25,886	31,350	32,344	33,562
Per 1,000 inhabitants .....	18.7	22.4	22.8	23.3

(d) *Wages Up, Then Down Again*:—The ordinary Jibaro cannot earn large wages owing to impaired vitality. Some companies, it is said, send groups of their laborers, from time to time, to the United States, that they may improve in

physical condition. The sugar boom of 1920-24 resulted in an advance in the wages of field laborers on some sugar plantations to \$1.50 or more a day, while working. But in 1925, owing to the fall in price of sugar, wages were greatly reduced, in some sections from 15 to 25%, viz.: with sugar selling at or about four cents a pound, 75 to 90 cents a day for harvesting and 60 to 75 cents for cultivating. (Report for 1925, p. 613.)

While the fruit plantations and some of the sugar companies, also in some cases the tobacco interests, furnish free houses—huts—to their laborers, this is not generally the case and in too many instances these huts are in extremely bad shape.

(e) *New Industries—Use of Machinery*:—The establishment of indoor industries, always slow in Porto Rico, has been especially so for the last two years. Aside from some few establishments canning fruit and making clothing for the New York market and the 40,000 women and girls doing embroidery and needlework at low wages, there has of late been little expansion.

On the other hand the introduction of machines, operated by women, for making cigars, has been displacing a considerable number of men.

In 1925 the Porto Rican trade employed between 15,000 and 16,000 Porto Rican men and women in 142 stripping shops and 501 cigar shops, at wages averaging for the men about \$1.40 daily, practically the same as in 1920, and 72 cents daily for women. (1925 Report, p. 528.)

(f) *Destitution and Disease*:—Can it be the President has not read the Annual Report for 1925:

The economic conditions of the majority of the 6,018 patients who attended the Tuberculosis Dispensaries was that of *absolute poverty*. There was an average of 6.11 persons in each family studied; average numbers of rooms in each house 2.09; average monthly income (of each family) \$27.87" (or 93 cents daily).

It was long ago pointed out that 90 per cent of the Rural population of the Island is suffering from uncinariasis. This is no less true to-day. Indeed 50% of the urban population, at least in the smaller towns, has the disease [to some extent].

Governor Towner in his report for the year 1923-1924, having referred to the ideal and naturally healthy climate, never subject to extremes of heat or cold, dwells on the growth of consumption year by year in Porto Rico, due, he says, to the following conditions:

"There exists in Porto Rico a congested population, the crowding of large families into small, unventilated rooms, general poverty, the prevalent use of poor food, constitutional debility engendered by other diseases, ignorance of the rules of hygiene and disease prevention, lack of sanitary appliances and sanitary measures, few hospitals and most of these poorly sustained—all these conditions existing for years have bred the disease and spread its contagion with its inevitable results throughout the Island."

Dr. J. Rodriguez Pastor in April, 1928, touching pending legislation for care of tubercular patients wrote: "There are about 20,000 people with tuberculosis in Porto Rico. We need 4,000 hospital beds for tubercular patients. We have 250 such beds for the whole island." See "Porto Rico Progress," April 19, 1928, and compare August 11, 1927, p. 17.

### (13) *Failure to Note Cries of Distress*

Why ignore protests such as these:

"At no time in the past have there been so many people out of work as at the present. The centralization of the Rural properties has eliminated 23,000 small land holders during last 20 years, our island is dying of hunger—misery floats in the entire atmosphere."—"La Democracia," June, 1927.

"A sorrowful future awaits this poor island, darkened by the tragedy of a false prosperity. We are a burden in our own land."—"El Imparcial," June 8, 1927.

"There are more than 750,000 persons aged 15 years or more of whom some 500,000 are out of work for lack of opportunity."—Claudio Capó.—"New York Times," December 1927.

"At times possibly not more than 150,000 are steadily employed."—"Porto Rico Progress," September 22, 1927.

"Conditions have approached the tragic for great masses

of (the Porto Rican) people." William Greene, president of American Federation of Labor, to President Coolidge.

"The prospect of the agricultural worker is perhaps sadder than the fate of ancient slaves. Undoubtedly it will not improve." Pedro Perez in "*El Dia*," July, 1927.

"The suffering of our people with serious diseases such as anemia and malaria; the lack of employment for a great proportion of our population." From summary by *Porto Rico Farmers Association*, June 8, 1927.

"The present condition of the common laborer in the island is worse to-day than that pictured by the President in 1897; while health officers may treat anemia they cannot fill empty stomachs."—Senator Nadal, San Juan, March, 1928.

#### (14) *Misunderstanding as to Part Played by Bond Issues*

Is not misapprehension also shown as to the part played by the Insular and Municipal bond issues, which have been put out only after careful consideration of the needs of the Island by the Governor and other officials appointed by the Federal authorities? Certain large amounts of these bonds are not in the nature of a public burden since they were issued for properties that contribute funds to the public treasury. The great bulk of the other issues represent public utility plants, municipally owned, also sewers, public markets, roads and other facilities for which there was and still is pressing need.

To leave the Island shut off from further improvements of this kind would be lamentable and yet the necessity for restricting future bond issues, as has been done, within reasonable limits is indisputable. The only alternative in this case, in the opinion of the author, is the redemption of a large share of the existing bonds by the only party in interest having the means at hand.

As to purpose of issue we observe that \$8,525,000 Insular bonds went to pay for irrigation works and harbor improvements which provide funds for payment of principal and interest of these obligations. (In Hawaii the irrigation bonds have been issued by the sugar companies them-

selves.) A further \$7,000,000 of Insular bonds was put out to provide for road building and additional amounts for insane and other asylums, capital building, etc., being for the most part the accumulated needs of centuries. (Report for 1927, Porto Rican edition, p. 32.)

So, too, the Municipal bonds are reported as including amounts for electric light plants, markets and slaughter houses, as well as \$6,369,000 for 59 water works, \$1,669,000 for 26 sewerage systems, etc., \$3,394,000 for school buildings. (Report for 1927, p. 53.)

Furthermore, have not the sinking funds for these Insular bonds been made excessively burdensome? In addition to amounts redeemed, the Insular funds in 1927 held \$1,662,603 cash.

### (15) *The Cementing Power of Tax Free Bonds*

With these 44 odd millions of tax free bonds outstanding, issued under authority of Congress, how is it that we can persist in this discrimination against Porto Rico, treating her as though she were a thing apart?

Is it not evident to Washington that this tax free provision indissolubly cements the Island with our Republic and makes it incumbent on our Federal Administration, if they would keep faith with our Investing Public and Porto Rico, to do nothing to pull down, everything to build up the social and business conditions of the little Island—its coffee trade, for instance, to and beyond its stage of a third of a century ago, for the relief of the people and the increase of domestic capital?

Will not our Government and also those over-ardent Porto Ricans, who, regardless of the serious economic consequences involved, would like to see the Island out of American control, do well to ponder this fact which they seem to have overlooked?

Undoubtedly the Porto Rican officials when they availed themselves of the right to issue these \$44,000,000 of Insular and Municipal bonds on "pledge of good faith of Porto Rico" (all except \$915,000 bonds of San Juan, it seems, were so issued. See 1925 Report, page 157), and then sold them as tax free bonds of a Territory of the United States, thereby saving, as the President has said, some 2% or \$886,000 in interest charge annually—surely they also, by this proceeding, relin-

quished for the Island any right it might otherwise possess as to independence, so long as any of these bonds are outstanding in the hands of the public.

This tax free provision is beyond question an enforceable contract which cannot be discharged except by paying off the bonds at or before maturity.

#### *(16) Failure to Keep the Public Informed*

This article bristles with statistics of date 1924-25, for the Federal authorities, when Porto Rican funds recently ran low, preventing local publication, began neglecting to print in the United States the invaluable record previously preserved from the departmental reports regarding the island's affairs.

The reports for 1924, 1926 and 1927, therefore, as published, contain merely the general remarks of the Governor and are of comparatively little aid in any searching investigation.

#### *(17) Enormous Contribution to Continental Wealth*

What justification is there for totally disregarding the really enormous business which the United States has enjoyed with Porto Rico as a result of annexation to the great increase of Continental wealth? If we reckon our profits thereon at only 15% these would aggregate to date \$375,000,000. For who denies that we must have made that amount and probably far more, by way of wages and profits of producers, shippers and middlemen on items sold to Porto Rico and also on the products brought from the Island, their resale, shipping and handling, particularly the refining and sale of those seven millions of tons of sugar imported since 1900?

We find that the combined imports and exports since 1898 have reached a total of almost exactly \$2,500,000,000, viz.:

##### *Porto Rico's Trade with Continental U. S. A. 1899 to 1927*

Imports purchased in the United States .....	\$1,092,000,000
Exports to the United States .....	<u>1,382,500,000</u>
Total .....	\$2,474,500,000

Prior to annexation, United States had only a trifling exchange of business with Porto Rico. The great bulk of the Island's export and import trade was done with Spain and Cuba. Since then Porto Rico has served as a veritable gold mine for the great Republic, though a not insignificant portion of the exports to the United States were made by or on account of Porto Rican, Spanish or other interests not Continental American.

(18) *Large Indirect Contributions to U. S. Treasury*

Much of the Island's output goes to swell the income of American citizens. What difference should it make in rating a territory's contribution to National disbursements whether the profits and dividends so received are taxed in the territory as in Hawaii, and then remitted to Washington, or on the Continent after transmission to American owners and stockholders, as in the case of Porto Rico, so long as the United States Government gets the funds? It should not be difficult to prove that Porto Rico is doing more than its share in this manner.

(19) *The Mystery of the Favored Child*

Porto Rico is still held fast as though of doubtful character by the Department of War. Why such discrimination?

Porto Rico has been a loyal little daughter, over-subscribing her quota of Liberty bonds and gladly sending her sons to War Service, but she has none the less been consistently kept on the other side of the garden wall. Hawaii (and also Alaska) is as carefully tended as though a State of the Union and more so as befits a fledgling.

Can any good reason be given for this favoritism always shown to the Hawaiians as compared with the treatment accorded to Porto Rico, other than the following:

(1) *Race*—The greater influence and prestige of the handful of residents of Continental American stock in Hawaii on the one hand: and

On the other hand as regards Porto Rico, the failure of two distinct

races speaking different languages to understand one another's aims and actions, coupled with misinformation on the part of the Federal Government, respecting the conditions prevailing in Porto Rico and, based on this misinformation, the feeling that in general there is nothing else necessary or desirable than to see that the Organic Act is observed and that the American interests on the Island are fairly treated.

(2) The power of the aforesaid Hawaiian element to accumulate wealth within the Island for themselves and other residents and the payment of income and other taxes thereon direct to the Federal Treasury at Washington.

There is no other valid reason. These islands are our Insular Twins—twins by adoption in 1898, the one in the Atlantic Ocean only 1,400 miles from New York, the other in mid-Pacific, 2,100 miles from San Francisco; the one by request, the other after conquest.

The population of the one, Porto Rico, is mainly white, (Spanish) 948,700, or 73%, being so in 1920; and almost entirely American citizens, these numbering in 1920, 1,286,293 or over 99%, out of a total of 1,299,809.

In 1920 there were in Porto Rico only 1,617 Americans of continental birth.

The other, Hawaii, is chiefly populated with persons of yellow races and a Hawaiian remnant and is only pure Caucasian as to 54,742, or 21%, in 1920 out of total of 255,912; while 6.4%, or 10,816, were born in Continental U. S. A., and only 172,838 all told were American citizens.

In Hawaii the small coterie of Continental Americans, deriving its original nucleus from strong Missionary stock (residents since 1820) proving to be money makers, have accumulated considerable wealth (with the aid of much imported labor and at first not a little borrowed capital), and now own numerous, very profitable sugar, pineapple and other enterprises, hotels, steamships, etc., whose dividends in 1927, chiefly to local stockholders, approximated \$17,500,000. They have their own Stock Exchange, do their own financing and refine their own sugar in a California plant controlled by them.

Heavy tourist patronage, approaching 20,000 in 1927, also adds materially to local wealth,—in other words, Conti-

nenital Americans in this manner contribute some millions to the support of local traders, laborers and raisers of garden truck. A good many visitors come to Porto Rico, possibly 6,000 this current year, but few remain more than a few days.

Porto Rico, as we have seen, is relatively poor. The three leading sugar companies in 1927 distributed only about \$3,200,000 as dividends and five or six millions would doubtless cover all the annual dividend payments as against the aforesaid \$17,500,000 in Hawaii.

#### *Debt and Other Payments Assumed for Hawaii*

For the rich sister, Hawaii, with neither menacing sickness, penury, unemployment, nor food shortage in its rural districts; nor the accumulated requirements of centuries to contend with in many municipalities; with school accommodations for every child and death rate only 11.87 per one thousand population; having a population less than one-fourth that of Porto Rico, and of this number by present estimate, only 220,000 American citizens—and having, also all told, less than 70,000 children of school age (contrasting with about 500,000 in Porto Rico)—

For this favored child the United States has redeemed the original \$14,000,000 of its funded debt, amounting with 3% interest to date to more than \$26,000,000 (Porto Rico was taken over debt-free), has applied more than \$6,600,000 on river and harbor improvements; and large additional sums for highway extension, vocational training, and other Insular activities; also National park outlays, the salaries of the Insular Governor and his Secretary, etc.

There are in Hawaii no less than 1,598,469 acres of public lands (including the volcanic parks), and the proceeds of any sales, leases, etc., of the same are turned over by the Federal Government to the Insular authorities for public improvements. (Of these lands 70,385 acres are agricultural, 624,799 pasture, 34,434 homestead (unpatented), 598,576 forest, 30,304 reservations, 237,167, remainder, waste land, etc.)

Porto Rico's public lands are of small extent and yield little or no income.

*Porto Rican Profits No Less Productive of Federal Taxes  
Than Hawaiian*

The greatest surprise, however, is with relation to the relative profitableness to the Federal Treasury of Porto Rican and Hawaiian trade. As respects imports from the Continental U. S. A. since annexation, the difference is not great —only \$100,000,000 in favor of Porto Rico, but even that means some \$15,000,000 or more of additional profits to American producers, shippers, etc.

But the main consideration is that, whereas Hawaii, since annexation, has shipped to us  $1\frac{3}{4}$  billion dollars worth of produce, the preponderating profits thereon have gone to the Hawaiians themselves as shippers, factors, etc., and as refiners also of their own sugar in their own plant in California. And out of these and other profits these Pacific Islands had to June 30, 1927, paid to the United States as net Internal Revenue taxes, sums aggregating only \$95,821,274.

On the other hand the exports of Porto Rico to the United States aggregating, since annexation, \$1,400,000,000 (see table on preceding page), have been in overwhelming amounts owned and resold, reshipped, etc., and in the case of raw sugar refined, and then again resold, for the profit of the American shippers and operators.

Is it conceivable that out of the net profit of all this repeated turnover in these Porto Rican exports, there has not been netted to the United States Government in Income Taxes at least as much as the \$96,000,000 paid direct to the Federal Treasury by the Hawaiians?

Granted that this contention is well taken, shall we not as fair-minded people, consent to do as well by Porto Rico in a financial way, as we have done and are doing every year for Hawaii, while at the same time allowing Porto Rico to keep her present sources of Insular Government income?

### *Our Duty Respecting Porto Rican Finances*

Should we not then, in view of the present condition and future outlook for Porto Rico, place the Island in a position to push education, occupational training, and health rehabilitation both for individual and countryside.

The borrowing capacity of the Island and its municipalities has been reduced, in consequence of the bond issues of recent years and the new municipal debt limitation of 1927, to an amount entirely inadequate to meet even the most pressing of future requirements. Under existing conditions it is not supposable that the Island's assessed valuation can be pushed up with anything like the rapidity of the past fifteen years. Consequently unless relief comes from the Continent, public financing must suffer and with it public welfare.

### *Cross Section Showing Status of Farm Labor*

The power of sugar and other interests in their concentration of Porto Rican farms to sweep the Jibaros aside, is indicated with other data of importance in the cross section of Porto Rican rural life, made in 1924-25 by the Department of Agriculture and Labor. (Report, pages 637 to 642.) This cross section includes farming properties in 628 "barrios" of 74 towns and was undertaken in an effort to interest farm labor in cultivating small tracts of employers' farms and the employers in allowing them to do so.

In brief, these statistics disclose that on the 3,622 estates visited aggregating 438,000 acres—but embracing only about 172,000 acres of cultivated land—there were 14,258 tenant laborers of whom 9,447 or about two-thirds were interviewed, and these had nearly 40,000 children and dependent relatives living with them. Consequently we may conclude that on these 172,000 acres of land in cultivation (only 33,000 acres being sown to vegetables and other minor crops), there were living close to 100,000 persons (including the laborers themselves, the local proprietors, their families, domestics, etc.), all of

whom would be subject to ousting in case of sale of the properties to large interests.

Tenant laborers (agregado) visited on properties of 3,622 land owners (also visited), number 9,447 (additional not visited, 4,811); dependants, children 28,107 (at school only 7,805) and other relatives 11,538 (at school only 253).

*Houses Owned*—By tenants, 1,662, by land owners 7,766, rented 17.

*Acres Tilled*—9,455, viz.: (owned by tenants, 860½); crop sharing, 8,175; leased, 419½; acres obtainable from land owners on crop sharing basis, 20,863 (by one-half share, 17,704¼).

*Daily Wages*—Types in aforesaid 74 towns for share tenants: Type 1, 35 to 65 cts daily, within two towns, 75-78 cts and in one town, \$1; No. 2, 50 to 90 cts and in eight towns 95 cts to \$1.50; No. 3, 60 cts to \$1.40 and one \$1.50; No. 4, \$1.00 to \$1.75, nine 60 cts to 90 cts, and one \$2. In some cases free lunches are served.

*Properties Owned By Said 3,622 Land Owners*:—438,443½ acres, viz.: sugar cane, 63,625 acres, tobacco, 7,905½, coffee, 67,902¼, minor crops, 32,963¼, pasture and woodland, 265,326; leased, 721½.

### *A Promise Not Fulfilled*

Still again, why should the Federal Government assume so severe an attitude and fail to recall that our last military Governor in Porto Rico, General George W. Davis, in May, 1900, publicly congratulated the inhabitants that free trade would so soon drive away “the privations and misery of the past and present” and bring in “happiness and plenty”?

### *Our Help Needed*

The reasons, commonly ignored, for granting liberal aid to Porto Rico are almost too obvious to mention.

The merest consideration of common humanity demands that we assist the island with the education of its rural people both in English and occupational training. How else shall this excessive population, devoid of land, gain a livelihood or come to the United States to earn a safe living?

And how shall they put down the diseases which impair their usefulness as workers? Disease is everywhere painfully present. Outside of San Juan and Ponce there is only one practicing physician for each 6,829 of the population.

Consumption is rife in Porto Rico. Malaria is epidemic in large districts. Acute indigestion is common, also pernicious anemia. In the rural districts 90 per cent of the people are more or less affected with hookworm.

If we would protect American health and avoid the heavy drain on American hospitals, as Porto Rican emigration increases to the United States, we should attack these troubles at the source.

Not unlike the Indians in the United States these rural people have been elbowed off the land, their natural habitat. Where poor natives have sold their land, it is safe to say that in most cases they received no adequate compensation as compared with present values. For the Indians everything has been done, cash payments, huge land reservations, education, occupational training, hospitals, etc. For the Porto Ricans we have done nothing, and there is very little land of consequence available on which to establish them.

In Java, Holland took care that none should profiteer in lands at the expense of the natives, the latter being allowed to lease but not to sell their property. The writer contends that by our negligence to make some such provision we have laid ourselves in duty bound to assist Porto Rico's helpless mass of humanity.

#### *Conclusion—Making Amends*

The Administration has able statisticians, hence if this presentation stands approved, should they not be engaged in calculating to what extent—to how many millions of dollars—Porto Rico is justly entitled on account of due and unpaid Federal contributions to her funds for local improvements, costs of government, education, occupational training—all those advantages which Hawaii enjoys—ever since we began perpetrating this undeserved hoax of a territory with the little “t”, making her shift for herself, entitled to nothing very substantial from the Federal Treasury?

And for the future should not the distinction that has existed between the Insular Twins in their relation to their

foster mother be obliterated to the end that Porto Rico may come into the full enjoyment of the privileges and emoluments that Hawaii enjoys?

Should we not coöperate more generously in restoring the lost forests\* on the 1,000,000 acres or more not now cultivated, and aid in extending coffee culture for which the Island is so preëminently fitted? Should not the Department of Mines bestir itself to discover the gold mines whence came the gold that brought Ponce De Leon to the Island to establish himself as Governor, and other mineral deposits as well?

Furthermore, if our wealthy citizens be just a bit touched with shame and with pity for our weak and sick little sister, remembering how for decades she has sweetened (with her sugar) our lives and "driven (by her tobacco) our dull care away," will they not come forward liberally with funds to aid those institutions so splendidly situated to enable Porto Rican youth to make the most of themselves?

We refer to the University of Porto Rico, and the Polytechnic Institute at San German. Both stand in great need of adequate libraries and library buildings, as well as endowment funds and scholarships, if they are to perpetuate the work so excellently begun.

## *CONCLUSION TO SECOND EDITION*

### *The Proposed Comprehensive Survey*

The selection of an (endowed) institution, located in Washington (and therefore not likely to be otherwise than impartial in its judgments), for the purpose of making "a comprehensive, economic, social and educational survey of Porto Rico" is a most wise and happy move.

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\* Some 900,000 young trees, it is reported, are being distributed annually for planting. In this work the Federal Forest officer is assisting as chief of the Porto Rico Forest Service; but the task is great. Coffee can be grown profitably up to about 2,000 feet elevation, and above that Dr. Britton believes there are about 150,000 acres mostly bare of tree that would be valuable in forest, to say nothing of the needs of the remainder of the island.

Various interests in Porto Rico, including the University and the Chamber of Commerce at San Juan, united, we learn, in requesting the "Social Science Research Council" to finance and organize such an investigation of the Island's affairs. After careful consideration, the Research Council nominated the Brookings Institution of Washington as the agency best qualified to make such study, and they have agreed to do so, financing the project out of their own resources.

The fact that the University of Porto Rico and the Chamber of Commerce at San Juan do not hesitate to turn on the searchlights of Washington upon Porto Rican affairs proves the genuineness of their belief that Porto Rico can stand investigation,—that its troubles are not chiefly of its own making.

### *The Tax Situation*

Porto Rican problems have unquestionably been befogged by injudicious and short-sighted friends as well as by none too friendly critics. The tax situation, in particular, we suspect, has suffered from their too hasty opinions and narrow views. From both sides have come suggestions of much too meagre tax levies or too common tax dodging. There may be something in these suggestions. The investigators will presumably spare no pains to determine just what proportion of the resident population has taxable property and whether the tax burdens are equitably distributed.

Personally, the author of "Porto Rico's Case" is free to admit that the experience of France, with her Income Tax Bureau and its efforts to induce her agriculturists to render adequate tax returns, inclines him to the belief that there may be in Porto Rico an unusually pronounced disinclination to favor the tax gatherer.

But assuming that the collection of direct taxes is especially difficult in Porto Rico (and if this be true, is it not one of the unavoidables in the problem?), there were, as we have seen, only 2,206 individuals in Porto Rico found subject to normal and surtax in 1923, and the total of such levies aggregated the small sum of \$216,000. Consequently, if we go so far as

to assume that Porto Rico should succeed in gathering a considerably larger amount of income taxes from individuals, the sum involved would evidently not put Porto Rico's Finance Department permanently on Easy Street.

The funds so obtained would, in fact, appear small in amount if there is really, as we understand there is, the need for greatly increasing the educational outlay, now approaching 40% of the Island's annual budget—in other words, \$6,000,000 in order to bring full-time schooling to all its children, in two languages, and to some extent in occupational training. In February, 1927, we recall the Governor was requesting (unsuccessfully, as yet) the appointment of one thousand additional teachers merely to provide full time for the one-half time pupils in the Rural schools, in which only one-third of the Rural children are enrolled.

A corporation may escape its full share of the tax burdens in any country, but it does not as readily avoid entirely the income tax. Porto Rican corporations, we are informed, pay just about what they would pay in the United States. If this be true, to demand much more would tend to keep out of the Island the very industrial enterprises so greatly needed to give employment to labor. Huge sums of corporation taxes have been litigated and substantial sums still remain to be adjudicated.

So, too, with the property tax. The report of Governor Towner for 1927 discloses that Porto Rican municipalities have pushed the real estate tax to the "squealing" point—20,000 assessment appeals were heard in 1926-27 and the valuations in dispute were cut by \$3,800,000, or 8%.

Stimulated no doubt by the American example, and also with an eye to desirable bond issues, the assessed valuation of the Island has been pushed up from 96½ million dollars in 1901-02, to 180¾ millions in 1915-16, and 338 millions in 1926-27. This last amount is just about the same as was the assessed valuation of Connecticut with all her great industries, at fair value, in 1888 (\$354,500,000), before the enormous expansion to \$2,434,056,031 in 1925.

The property taxes in Porto Rico are pronounced low by some authorities, but are they so in reality? In 1926 they were \$2.19 per one thousand dollars on rural real estate and \$2.25 on urban.

It is quite impossible, the author contends, to measure the weight of taxes on a people among whom there is such widespread and extreme poverty by comparing these taxes with the taxation of any State in the Union. Moreover, placing high taxes on real estate in Porto Rico is one of the most certain methods of forcing the small holders to part with their land.

In considering her tax problem, Porto Rico's slender resources must be kept constantly in mind. Her savings deposits for 1926 averaged, as we have stated, only \$10.13 per capita, contrasting with \$79.21 in Hawaii, and this compares also with \$485, the average for the New England States.

Moreover, though dependent on motor cars for transportation, as are the people in no State in the Union (since the only railroad follows the coast line and that for but part of the circumference), Porto Rico, on January 1, 1928, contained only some 13,700 motor vehicles (3,190 being trucks and busses), or one to each 105 persons. Whereas, Connecticut, with about the same population, had a registration of 281,000 motor vehicles, or one to each 6.85 persons.

Excellent as is the "Educational Survey of Porto Rico," we must confess to the fear that it errs in its method of estimating the actual property valuation of the Island at the sum of \$700,000,000. The compilers (page 78) assumed that if the adjusted total assessed valuation of real and personal property in Porto Rico in 1925 was \$385,000,000 (as then estimated by the Insular Treasurer), this was probably 75% of actual value; and they further estimate, basing their conclusion, they say, on the long experience of the United States and other countries, that "one half of all personal property escapes assessment." Hence, the total wealth of Porto Rico they place at the sum mentioned, \$700,000,000. This may be correct, but certainly the relatively small amount of property in private (local) hands is one of the striking facts about Porto Rico.

#### *The Question for the United States*

On the other hand, the main question for the United States is whether she is content to rest on a theoretical demonstra-

tion of fair treatment to Porto Rico on past conditions, or whether she desires to act justly on the basis of present facts.

All the questions in the case narrow down to these:

1. Is our National Government granting all the economic privileges and financial aid that can be reasonably expected with respect to a patriotic little subsidiary, heavily handicapped?

2. Is the little subsidiary, as she claims, in circumstances increasingly difficult, and is she doing all she can to help herself? If left alone, as she has been for nearly thirty years past, will she be able in the near future, as some critics seem to think, to work out her own salvation? The complete answer to this query will come from the Brookings Institute.

The author's answer to query Number one is a series of challenges. Will any one in authority deny that the control of Porto Rico by the United States, and the resulting diversion of Porto Rico's fertile lands to a large extent to Continental ownership for the supplying of continental needs, has largely ousted her laboring class from land ownership and is costing them heavily for imported food without bringing them an equivalent advance in opportunity for remunerative employment?

Were it not for the American tariff, might not the Island's food supplies be purchased in the world's markets at a savings of millions of dollars?

Is it not probable that the coffee trade of the Island, not only with Spain, but with all European nations, heretofore its customers, is suffering seriously because of exchange conditions for which the United States, and not Porto Rico herself, is more or less responsible?

Will any one venture to controvert the author's finding that when one gets down to "brass tacks" the Federal Government, since the close of the military régime on the Island in 1901, has contributed no substantial financial aid whatever to the Porto Rican Government in its enormous task of rehabilitation in matters pertaining to education, health, and sanitary requirements?

In making this challenge we put one side as irrelevant (a)

those incidental perquisites already mentioned, such as provision for lighthouses and military support, which are clearly necessary, to Continental operations; (b) the much diminished income from Federal taxes on Porto Rican cigars and cigarettes which, since 1918, has been diverted to the Island as an equitable replacement of revenue from the tax previously collected on the manufacture of spirituous liquors that was lost by Porto Rico in her loyal support of the Federal policy of prohibition; and (c) the \$2,700,000 that was collected during military occupation as taxes on Porto Rican products imported into the United States.

The official statement that "the Federal services in Porto Rico are supported from the United States Treasury" is, to say the least, perplexing. For does not the President appoint the Governor of the Island, the members of the Supreme Court, and either directly or through the Governor, several other officials? And is not Porto Rico required to pay all of their salaries? And is not this true, although the salary of the Hawaiian Governor, and his Secretary, their traveling expenses, and many other outlays, are met from the Federal Treasury—until recently even the mileage allowance for traveling expenses of Hawaiian legislators?

Somewhat graphically the Economic Commissioner of the Porto Rican Legislature was quoted not long ago in a "*New York World*" interview as saying in brief:

"The American tariff compels Porto Rico to buy necessities in the American market at monopoly prices. In exchange for this imposition of high prices on a very poor population, the sugar and tobacco industries obtain certain privileges. The sugar and tobacco industries are largely absentee-owned. Their profits leave Porto Rico never to return.

It is this flow of wealth out of the Island and the high cost of living that keeps the bulk of Porto Rican population in the same economic state of thirty-one years ago.

We want the American Government to stop picking our pockets in the name of the American people."

It is a great satisfaction that the Brookings Institute is to pass judgment on this indictment.

## **Supporting Exhibits**

### *(A) Cost of Education.*

That Porto Rico has actually appropriated for education and educational facilities out of her own "slender resources" sums aggregating in the neighborhood of \$70,000,000 since American occupation in 1898, 30 years ago, appears from the following table based on official reports.

For the twelve years from 1914 to 1925 we have the total sum appropriated,  $45\frac{1}{4}$  millions, as culled, item after item, by the Columbian University Commission from reports of Treasurer and Auditor, omitting, it appears in recent years some small amounts for construction work done by the Insular Government, the major portion of such work having been financed, of late, by the municipalities. For the remainder of the thirty years we have, as the table shows, either the exact amounts of appropriations or exceedingly conservative estimates, raising the grand total to more than \$69,000,000, viz.:

#### *(1) Total Disbursements, all sources, Insular and Municipal.*

(From "Educational Survey of Porto Rico," p. 382.)

<i>Year</i>	<i>All Activities</i>	<i>Base</i>	<i>Education</i>	<i>Base</i>	<i>Education</i>	<i>% of All Act.</i>
<i>Base</i>	\$	%	\$	\$	%	
1914 }	7,231,363	100	2,828,955	100.0	89.1	
1915 .....	6,018,507	83.2	2,163,263	76.6	36.0	
1916 .....	5,980,098	82.7	1,957,223	69.3	32.7	
1917 .....	6,504,118	89.9	2,249,080	79.6	34.6	
1918 .....	7,227,797	99.9	2,508,001	88.8	34.7	
1919 .....	7,904,387	109.3	2,461,863	87.2	31.1	
1920 .....	9,681,110	133.9	3,146,664	111.4	32.5	
1921 .....	12,214,163	169.3	3,988,148	141.2	32.7	
1922 .....	14,497,704	200.5	5,157,680	182.6	35.6	
1923 .....	15,124,739	209.2	5,104,379	180.7	33.8	
1924 .....	21,584,118	298.5	6,711,204	237.6	31.1	
1925 .....	20,733,546	286.7	6,958,072	246.4	33.6	
Total .....	134,696,650		45,229,482			

*(2) Insular Government Appropriations for Education.*

1926 Appropriations .....	4,053,840	Excluding University, Municipal and capital outlays.
1927 Appropriations .....	4,265,000	
1928 Appropriations (official est.) ....	4,119,040	

*(3) Partly Estimated Items for Education.*

1926-28, Municipal outlays .....	4,700,000	(\$1,662,000 in 1927)
1926-28, University of Porto Rico ....	1,000,000	(\$387,000 in 1925)
1898-1913—15 years, all education, say	6,000,000	(\$2,824,000 in 1914)

Grand total, 1898 to June 30, 1928 .. 69,367,000

Of this total of \$69,367,000, a very small sum, probably less than \$1,000,000, was received from the Federal Government. The remainder was raised by Porto Rico herself by taxation, bond sales, etc.

*(B) Income Tax Levies Small in Number and Aggregate.*

Tables published in the Governor's Special Message of March 18, 1925, advocating the income tax law approved August 6, 1925, disclose how small in number and aggregates are the island taxable incomes, personal and corporate.

Prior to the adoption of the new Act in 1925, submitted by Prof. Robert M. Haig of Columbia University, acting as Tax Expert, the Income Tax law of Porto Rico followed quite closely the lines of the Federal Act except that partnerships like corporations were taxable on excess profits. The tax rates, however, on personal incomes, as pointed out in Prof. Haig's memorandum, were "heavier on incomes less than \$18,500 than the like tax in the States."

Bearing in mind this fact, we note how really insignificant, since the inflationary boom year of 1920, must have been the amounts of taxable incomes of private individuals in Porto Rico and how restricted also, from 1921 to 1923, were the total amount of taxes levied on the Income and Excess-Profits of corporations and partnerships.

*(a) Total Individual Income Tax Returns and Levies.*

Tax	Number Returns	Net Income Subj. to			Total Taxes Levied	
Year	Taxable	Exempt	Normal Tax	Surtax	Normal	Surtax
1920 .....	3,225	1,948	\$14,246,028	\$4,108,083	\$427,416	\$116,726
1921 .....	2,559	2,346	5,252,705	1,245,088	157,581	41,709
1922 .....	2,483	2,215	4,555,923	987,398	136,678	28,821
1923 .....	2,206	2,117	4,791,051	2,724,492	143,696	72,351

(b) *Individual Incomes Subject to Surtax.*

<i>Surtax Groups</i>	<i>Number Surtax Payers</i>	<i>—Total Surtaxes Levied—</i>							
		1920	1921	1922	1923	1920	1921	1922	1923
\$5,000 to \$6,000 ....	66	52	43	152		\$311	\$212	\$205	\$806
6,000 to 8,000 ....	85	43	52	155		2,049	1,042	1,241	3,741
8,000 to 10,000 ....	54	26	31	73		3,125	1,544	1,784	4,347
10,000 to 12,000 ....	44	24	18	41		4,762	2,474	1,330	4,517
12,000 to 15,000 ....	34	21	17	27		5,940	3,325	2,817	6,627
15,000 to 20,000 ....	43	16	12	31		12,145	4,743	3,564	9,165
20,000 to 25,000 ....	16	6	6	11		7,863	3,023	2,928	5,002
25,000 to 30,000 ....	20	2	6	8		13,782	1,536	4,183	6,048
Over \$30,000 .....	31	10	4	17		16,749	23,811	5,769	32,098
Total .....	393	200	184	515	\$166,726	\$41,710	\$23,821	\$72,351	

(c) *Corporation and Partnership Income and Excess-Profits Taxes.*

<i>Corpo- rations</i>	<i>Number Taxable Exempt</i>	<i>Net Income</i>		<i>Total Taxes Levied</i>
		<i>Subject to Normal Tax</i>	<i>Subject to Excess Pr. Tax</i>	
1920 .....	211	213	\$38,537,703	\$29,012,880
1921 .....	179	202	6,182,749	1,416,012
1922 .....	181	175	5,239,673	703,877
1923 .....	272	323	9,445,058	1,669,892
<i>Partnerships.</i>				
1920 .....	690	91	\$17,269,152	\$9,141,812
1921 .....	476	387	3,834,425	612,981
1922 .....	667	239	3,581,790	331,131
1923 .....	544	129	5,918,228	1,183,009

*Contemporary Works on the Porto Rican Situation*

Dr. A. Guyot Cameron, of Princeton, N. J., in the "Financial Forum" of New York, on May 5, 1928, began a review of the Porto Rican situation from an American standpoint, with special reference to "Porto Rico's Case" and the allied political issues, as well.

For other pertinent data regarding Porto Rico, see "Current History" for May, 1928; the new little work, the Nation's "Thirty Years in Porto Rico" by Arthur James (published by "Porto Rico Progress" in San Juan); "Porto Rico" by Howard Mixer (The Macmillan Co.); and the older work (1917) "Social Problems in Porto Rico" by Fred K. Fleagle, Dean, University of Porto Rico (D. C. Heath & Co.).

## **Local Conditions as Viewed by Author**

A series of articles by the author, published in "Porto Rico Progress" from December 15, 1927, to April 5, 1928, under title "Porto Rico—Its Charms and Paradoxes," contain the following:

### *Island's Remarkable Advance—Has It Serious Flaws?*

It has become the fashion to sing Porto Rico's hymn of "Harvest Home" to two themes—one, the astounding material growth since 1898, exemplified by the increase of 900 per cent in her total export trade from \$9.8 millions in 1898 to \$99 millions in 1926, approximately one-half being in raw sugar; the other, the figures taken as indicating a reduction of the island's illiteracy from 77.5 per cent, as shown by the census of 1899 to 66½ per cent in 1910 and 55 per cent in 1920; 45 per cent (educational "test") in 1925, and 40 per cent, a similar estimate, for the entire island in February, 1927.

On their face statistics such as these are unquestionably gratifying, but how do they stand analyzing and comparison with other concurrent circumstances?

### *How Rural Living Standards Lag Behind*

For instance, when we consider the prosperity of the Island as evidenced by its increasing exports and contrast with that the status of the rural *Jíbaros* constituting a large majority of the inhabitants, is it not evident that the status of the rural population is not travelling upward with similar impetus?

Raw sugar is far and away the island's leading product, representing usually, as just said, about one-half the country's export business. The value of sugar exports during the decade 1910-20 showed an increase of more than 300 per cent (\$23½ to \$99 million) and from 1915 to 1925 of nearly 100 per cent (\$27¼ to \$53¾ million).

On the other hand while the population of the island was increasing in the decade 1910-20 by 16½% (181,000), the number of hands employed in agriculture actually increased

less than 2% (4,439); in all mechanical and manufacturing industries only 4% (18,441).

Furthermore, the wages of the unskilled agricultural laborer in the sugar industry are shown by the Island's Labor Commission to have increased in the ten years 1915-25 by only 26.5%, although the cost of his food, as carefully reckoned by the Department of Agriculture and Labor (to say nothing of other increases, as for rent when not living as an employee on sugar or other plantations), increased 48.6%.

What a pitiful diet forms the basis for this food-cost calculation in 1925 for a family of five—only 55.4 cents worth a day! The same items as specified in the coffee section (the prices and quantities varying a little from those in the sugar section) showed an aggregate cost in 1925 of only 39.4 cents and include as the normal diet for an average laborer's family of five: 1½ pounds of rice, ½ pound of red beans, ½ pound of codfish, 1 pound of corn flour, ¼ pound of sugar, ⅛ pound of coffee, with minimum quantity of root crops, lard and bacon.

For coffee laborers the wage increase from 1915 to 1925 was figured at 32.3%, and the advance in cost of their food at 36.9%. See Report for 1925 (Washington edition), pages 526, 527, 523.

[Referring at an earlier date to just this sort of diet, Drs. Ashford and Gutierrez wrote: "If the normal food of the Jibaro, as stated, were his usual food it would not be so serious a matter, nor would the Jibaro complain so bitterly of his wretched ration, but the fact is he does not get the menu detailed above save when he can be said to be prosperous.

"Only a few cents difference in wages will cut out the small proportion of animal proteids he obtains—the codfish; and a cyclone will drive him in sheer desperation to the town."]

#### *Illiteracy Statistics, No Light on Social Improvement*

So, too, these statistics of literacy and illiteracy, we feel, are highly misleading in their supposed bearing upon the economic status of the Rural population; and, as made use of, have served grievously to deceive the American people. They suggest, do they not, quite rapid advancement in self-sufficiency and economic independence, if not affluence and literary attainment? Actually, of course, they indicate nothing of the sort.

Education may be either an ornament, a tool, or the handle

for a tool. If it covers the merest rudiments, as in the case of the Rural population to-day, it represents a piece of a handle. It gets them nowhere as to economic independence. It does hardly more than cause unrest by opening their eyes to their own misery.

The young Rural children, the Survey shows, are keen of wit and ambitious to learn both English and Spanish, but only a third of those from five to eighteen years of age are enrolled at any one time, and 13 per cent of these never get beyond the first three primary grades; and only  $3\frac{3}{4}$  per cent beyond the first four grades. In Continental United States 91 per cent complete the 6th grade.

Nearly thirty years' effort to give English to the huge rural population is shown by the Survey to have been for the most part wasted. It was too much to attempt to teach two languages in two or three years, one language used daily, the other seldom heard by the rural children. It is astonishing that so many of them have obtained any practical knowledge of arithmetic as well as reading and speaking of Spanish, to say nothing of English. Moreover, in the entire island the census shows that only 3.6% of the people could speak English in 1910, and only 9.9% in 1920; while 10% is the suggested figure for 1925.

The great majority of Rural school children (at least 85 per cent) have never been asked to open an English Grammar; and the smattering of oral English obtained by them from teachers themselves scarcely knowing the language—how could it be of any real or lasting value where barely a word of English is heard in daily life!

The Survey Commission, speaking of the Island as a whole in 1925, says: “84% of the children who enter school stay only until the end of the third grade \* \* \* \* neither in reading nor oral communications does the work done in English in the first three grades reach a point which makes English a useful second language.” Therefore they recommend that English be not taught below the fourth grade but taught intensively in the fourth, fifth and sixth grades and that it be used as the language for instruction beyond the

sixth grade—a recommendation, we understand, now put in effect.

Thus it is that a portion of the handle and no tool whatever, not even enough English to aid them in going to the United States, is all that these people, with all their unceasing endeavor in that line, have been able to give the Rural population. Theirs has been only a slight elementary education, no High schools, no agricultural schools, no trade schools, except in the cities, which they have no means of reaching. During the last fifty years in our own Southern States no less than 209 High schools, we read, have been provided for our negro population.

What we have said applies to the situation in 1925. Since then, acting on the suggestion of the aforesaid Survey, brave efforts have been made to cure the deficiencies, but with greatly restricted funds available for Government purposes in general and the Education Department in particular, how pitiful must be the outlook unless the Federal Government comes to your assistance!

#### *Why the Literacy Figures Themselves May Be Misleading*

But why should these literacy figures be thought misleading? First, because they create a wrong impression. They give no indications of living or employment status nor of the ability to speak or read English, or perform any useful task otherwise than as day laborer should opportunity offer. Second, they pass for authoritative information, being officially promulgated, though compiled by methods open to error and, possibly, great error.

Illiteracy for the Rural population is stated as being in 1910 74.2 per cent, 1920 61.6 per cent, 1925 45.5 per cent, 1927 (estimated) 40 per cent.

But at best the Census figures for 1910 and 1920 are only the “say-sos” of a proud people anxious naturally to make the most creditable showing possible for themselves and their families.

The figures for 1925 are even more questionable because based on statistics not collected by persons clothed with the

majesty of the law. The statistics used were obtained on cards circulated by school children among the various members, over five years of age, of the families in their neighborhood, who were asked to indicate thereon whether they were or were not able to read and write any language. Who would not fib in such a test of family dignity? What college would think of testing in this casual manner the knowledge of its students in any course of study?

Pray note, however, that the writer does not undertake to deny the accuracy of these figures; are they not given countenance by the Columbia Survey? But in view of the following data derived from the report of the latter, would it not be most surprising if they were within gunshot of the truth, the unschooled adult population being so considerable?

#### *Education in Rural Districts in 1925*

Enrolled of compulsory age, 8 to 14 years (p. 315) only .....	61.8%
Not in school at all, 6 to 14 years of age (p. 315) .....	75,000
Total enrollment, all ages, 1925 (p. 315) .....	125,600
Average Rural attendance (p. 25) .....	105,353
Total number Rural children 5 to 18 years inclusive .....	306,000
On double enrollment (half time), in 1925 (p. 26) .....	76%
Number in primary grades, 1 to 3, 87% (p. 314) .....	109,049
Number in grades 4 to 8, only 13% (p. 314), or .....	16,551
Number in grades 5 to 8, only 3¾% (p. 314), or .....	4,697

#### *For Entire Island—Urban and Rural:*

Total enrolled of all ages .....	230,120
Average daily attendance .....	192,715
Number of school age (8 to 14 years) enrolled in schools ..	159,032
do                  do                  do                  not in school (p. 199)	90,000 to 100,000
Number compulsory school age 8 to 14 years est. .....	259,000

In his annual report for year ended June 30, 1927, the Governor reported: Total enrollment in all public schools 213,321, viz.: In needlework classes, 1,371; rural schools, 122,354; elementary urban schools, 82,399; secondary urban schools, 7,055; Industrial school in San Juan, 142. Average enrollment, 191,153; average daily attendance, 182,927. Teachers employed, 4,483 (178 from U. S. A.) of whom 3,152 are women. School buildings, 2,184; rooms 4,454.

With the Island's birth rate showing an increase from 20½ in 1901 to 39 per thousand in 1925 and the number of Rural children actually enrolled numbering only 125,600—the num-

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Note—Page references are to the Educational Survey, 1925-26.

ber between the ages of six to fourteen not in school at all being estimated at 75,000 and "each year thousands of children leaving school with actually about two years or less of schooling"—would it not be surprising if illiteracy had decreased in any such rate as the foregoing percentages would show, namely 74.2% in 1910; to 61.6% in 1920; to 45.5 per cent in 1925 and 40% for entire island in 1927. In other words to the extent of 21.6 points in seven years, 1920-27, against 12.6 points in the ten years 1910-1920?

And yet it is realized that in their keen desire to improve their condition these people seem to be teaching one another to an extraordinary extent and thus are absorbing more knowledge than one would suppose possible with school facilities so scant. We asked one little urchin why he was so anxious to learn English. "So that I can go to America and make money."

Governor Towner, in his report presented in February, 1927, remarks on the net increase of 3,000 children in the first grade of all the Island's schools during 1926. "Porto Rico Progress" of August 25, 1927, says that the schools were then about to open for the year 1927-28 with, it was expected, about the same number of scholars and teachers as during the previous year, but "23 teachers of English less due to the reduction of \$25,000 in the budget."

Surely this does not look like rapidly overcoming illiteracy since the census of 1920 shows an increase of population for the preceding decade of 18,000 a year.

The case is still worse if we may accept as accurate the comparison appearing in the Statistical Abstract for 1926 published by the United States Department of Commerce. On page 106 we find the following: (a) Persons of school age, 490,145 in 1926 and 482,237 in 1925; persons attending school, 213,641 in 1926 and 234,884 in 1925 and 227,267 in 1924; teachers, 4,478 in 1926 as against 4,952 and 4,725.

(This is the seventh of a series of articles by a recent visitor, a traveler and scholar, who was much impressed with all he saw and heard.—Ed. "Porto Rico Progress.")

## Explanation of Lindbergh Message

Following is the official explanation of the Lindbergh Message addressed to Dr. J. W. Harris, of the Polytechnic Institute at San German, Porto Rico, who had appealed to the Governor to secure this explanation because of the resignation tendered by a trustee of the Institute, and Chairman of its Finance Committee, who was displeased by the seeming antagonism of the message:

*Official Letter of February 6, 1928, to Dr. J. W. Harris*

My dear Doctor Harris:

We are answering your letter of this date. The message of the People of Porto Rico to the People of the United States entrusted to Colonel Lindbergh by the Legislature of Porto Rico at the joint session held in his honor does not need any explanation. It is self explanatory. Its meaning is plain. Porto Rico wants her internal sovereignty; that is to say, the same that the Continental States enjoy, but with the power to retain, as at present, all public revenues derived from sources on the Island to meet her public needs which are greater than those of any State because we are performing now the task of centuries.

We are not asking for international or absolute independence. We do not want to sever the ties of a common flag and a common citizenship. We acknowledge and accept the sovereignty of the Union as defined in the Constitution, that is to say, the powers vested in the Federation by delegation of the states themselves. We want the national tariff, but with power vested in our local Legislature to reduce, with the approval of the President, said tariff on foreign raw food staples in order to lessen the cost of living for our laboring classes, and to increase, also with the approval of the President of the United States, the schedules on agricultural products of our soil not protected by the tariff and not produced in the Continental States, in order to prevent the importation of inferior goods into Porto Rico and their exportation as Porto Rico products. We want the guarantee of life, liberty, equality, justice and property of the Federal Constitution, that we fully enjoy now, in spite of the fact that the Great Document has not been extended to Porto Rico, because of the Bill of Rights contained in our Organic Act. We want to preserve the American institutions and systems that we ourselves have adopted in our laws; we aspire to a perfect friendship and close brotherhood with our fellow citizens of the States. Even we do not resent not being an integral part of the Union, in spite of our American citizenship, according to the decisions of the United States Supreme Court. But we aspire also, and above all, to the

government of our people, by our people and for our people; that is to say, to a republic form of government. That is certainly, American freedom. That is the freedom that we ask in the message of The People of Porto Rico entrusted to the messenger of good will sent to us from The People of the United States. In the terms of the message: "the freedom that you enjoy, for which you struggled, which you worship, which we deserve, and which you have promised us." For this reason we state: "our message is not far different from the cry of Patrick Henry. It is the same in substance, but with the difference imposed by the changes of times and conditions." We reproduce the cry that he dared to raise, not against his English ancestry, but against "taxation without representation" and against the "guiding hand of governors appointed by the Crown"; we refer to it as an echo of your history, appealing to your national pride, not in a hostile attitude, not in an angry mood, but as a friendly notice to your people, to the American People, that we are neglected from the standpoint of our political aspirations and of our economic needs; that our voice is not heard, that you have forgotten that our progress in all the paths of human endeavor is far ahead of that of many of our sister Latin Republics of whose independence you feel so proud and are prone to maintain.

It is inconceivable that we would take advantage of the courtesy of the Governor in according to our request for a special session of the Legislature to render homage to Colonel Lindbergh and hand him a message containing petitions which may imply a severance of ties of Porto Rico from the United States, or which may be construed as inimical to American ideals. Such thing would mean a courtesy to Porto Rico's guest and a lack of consideration to our Governor.

As regards our present political aspirations, we shall state in very few words that these are the following: Complete self-government including the right to elect our own Governor; as to the future the majority party has reached a conclusion as a compromise, between the conflicting of solutions of statehood and independence, that this matter must be left to be solved by the coming generations according to the best interests of both the people of the United States and the people of Porto Rico.

As regards statehood permit us to say that if Congress is ready to grant us statehood, no doubt the people of Porto Rico will feel deeply the honor of becoming one of the stars of your glorious constellation. There are some of them that have sprung from the same origin, the same stock that we are. This is a matter that should be placed before our people for its decision. But what are the chances of statehood for Porto Rico in the light of the utterances of your statesmen and the silence of your political platforms? When collective citizenship was urged upon Congress by President Taft, the request was accompanied by the statement that citizenship did not imply any future promise of statehood. For these reasons, and many others, we are not now urging statehood. If you think it is better for your national interests not to admit us into the Union, we will abide by your decision; but it is up to you to be true to your history and institutions and to devise a scheme of government for Porto Rico that will harmonize your dignity, liberty and happiness and ours. We will co-

operate with you to find the way to the solution of the problem. But do not misunderstand us, do not be misled by the enemies of our noble aspirations as a People. Do not pronounce the word "disloyalty" to describe the deepest sentiment in the hearts of men: Love for the freedom of the country in which his cradle was rocked by the hands of a loving mother.

Your letter has been a surprise to us. We can not understand how the message of the Legislature can be construed as a plea for international or absolute independence. It is the same as our message to President Coolidge, transmitted also to the Pan-American Conference, not because we look for redress or remedy for our inferior political condition, but because the President himself offered to the Conference the relief for that condition, that is to say, plain home rule; and for that reason we feel entitled to obtain the endorsement of the Nations of our own origin to the words of the chief magistrate of the nation in order that he may apply them to the sick man at home. In the said message the words "internal sovereignty" were changed by news agencies into "international sovereignty," entirely changing, of course, the meaning of the statement. We shall not be surprised to find that the present message also has been mutilated or misquoted. That will explain the alarm voiced in the cable received by you. We trust that you will acknowledge that there is no reason for alarm or uneasiness. We voice a truly American sentiment which is imbued in the minds and hearts of all our school children by the study of your history, and which is also a natural sentiment deeply rooted in the hearts of human kind.

In conclusion let us answer with dignity that part of your letter wherein allusion is made to the question of money by saying: that had we had in mind the asking of independence for Porto Rico, the loss of one million dollars or of untold millions of dollars to all the institutions of Porto Rico, will not deter us in the least.

[Signed

Yours very truly,

ANTONIO R. BARCELÓ,

*President of the Senate,*

and

JOSÉ TOUS SOTO,

*Speaker, House of Representatives,*

at San Juan, P. R.,

February 6, 1928.]

## President Coolidge's Letter

President Coolidge replied to the resolution of the Porto Rican Legislature by a letter sent under date of February 28 to Horace M. Towner, Governor of Porto Rico, in which he declared that Porto Rico had now greater liberty than it had possessed in all its history. This letter, by whomsoever prepared, whether in the Bureau of Insular Affairs (under surveillance of the War Department), or elsewhere, is roundly criticized on political as well as economic grounds, both in the United States and Porto Rico. The text follows:

Dear Governor:

I desire to acknowledge the concurrent resolution of the Legislature of Porto Rico committed to Colonel Lindbergh on his visit to San Juan, and also a cablegram, dated January 19, signed by Messrs. Barceló and Tous Soto, the President of the Senate and Speaker of the House of Representatives of Porto Rico, respectively.

The cablegram and resolution seem to be based largely on a complete misunderstanding of concrete facts. It would not be difficult to show that the present status of Porto Rico is far more liberal than any status of its entire history; that its people have greater control of their own affairs with less interference from without; that its people enjoy liberty and the protection of law, and that its people and its Government are receiving material assistance through its association with the continental United States. The Treaty of Paris, of course, contains no promise to the people of Porto Rico. No phase of that treaty contemplated the extension to Porto Rico of a more liberal régime than existed. The United States has made no promise to the people of Porto Rico that has not been fulfilled, nor has any representative or spokesman for the United States made such a promise.

The Porto Rican Government at present exercises a greater degree of sovereignty over its own internal affairs than does the Government of any State or Territory of the United States. [Critics challenge this assertion on numerous counts. See "X" below]. Without admitting the existence of "a grave economical situation" in the finances of the Government of Porto Rico, the present difficulty, which it is hoped is but temporary, is exclusively the result of the exercise by the elected representatives of the people of Porto Rico of an authority granted by the present very liberal organic law. The responsibility of the United States, as distinguished from that of Porto Rico, is, at most, that officers appointed

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"X" In contradiction of this assertion, it is noted that the Porto Ricans have no right (a) to vote for President; nor (b) to take any active part in enacting or averting legislation at Washington (which nevertheless may send their sons to war); nor (c) to elect their own Governor, Auditor, Attorney General, Commissioner of Education, the Justices of the Supreme Court, etc.; nor (d) to make their own local laws free from veto or overruling by a Federally appointed Governor, the President or Congress; nor (e) to share with the States and other territories in the customary allotment of Federal funds, for roads, education, etc. A. G. D.

by the President in Porto Rico may not have exercised power legally placed in their hands to veto or make ineffective acts of the Porto Rican Legislature.

The cablegram complains that—

"Ours is the only Spanish-American country whose voice has not been heard at Havana during the Pan-American Conference, for it was not represented there."

This is a most serious error and is based on a fundamental misunderstanding of the relation of Porto Rico to the United States. No State or Territory of the Union was represented as such at Havana, but the representation of the United States in Havana represents Porto Rico as truly as it represents any part of the territory of the United States.

The request is made that Porto Rico be constituted as a "free State" and not "a mere subjected colony." Certainly giving Porto Rico greater liberty than it has ever enjoyed and powers of government for the exercise of which its people are barely prepared cannot, with propriety, be said to be establishing therein "a mere subjected colony." The people of Porto Rico are citizens of the United States, with all the rights and privileges of other citizens of the United States, and these privileges are those which we invoked "when declaring for independence at the memorable convention at Philadelphia."

In answering the cablegram it might be well to consider briefly the conditions and tendencies we found in Porto Rico and what the situation in Porto Rico is to-day, as well as the steps we are responsible for in Porto Rico to better conditions as we found them and as they exist to-day.

There is no conflict of opinion as to the condition in which we found Porto Rico. Perhaps the best authority on local conditions was Dr. Cayetano Coll y Teste, who, in an article published in Porto Rico in 1897, after describing the progress in Porto Rico for 100 years ending with that year, thus describes the great body of the population of Porto Rico:

"Only the laborer, the son of our fields, one of the most unfortunate beings in the world, with a pale face, bare feet, lean body, ragged clothing and feverish look, walks indifferently, with the shadows of ignorance in his eyes, dreaming of the cockfights, the shuffle of the cards or the prize in the provincial lottery. No, it is not possible that the tropical zone produces such organic anemia; this lethargy of body and soul is the offspring of moral and physical vices that drag down the spirit and lead our peasants to such a state of social degradation. [Quite different is the dictum of Dr. Bailey K. Ashford, eminent authority on tropical diseases in Porto Rico. See "Y" below]. In the miserable cabin, hung

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"Y" Dr. Ashford, who discovered that 90% of these natives were seriously afflicted with hookworm, as well as under-nourished and suffering also from other tropical ailments, holds these troubles, especially the first-named, mainly responsible for their lethargy and moral and physical failings. In a joint report he and Dr. Gutierrez are quoted as saying:

"We cannot believe that vicious idleness comes natural to the Spanish colonist, even in the tropics, for the very reason that we have seen these descendants at their very worst after the neglect of four centuries by their mother country, and after the laborious increase of an anemic population in the face of a deadly disease, whose nature was neither known nor studied, work from sunrise to sunset and seek medical attention, not because they felt sick, but 'because they could no longer work' . . . We strongly feel that these writers have unconsciously described uncinariasis (hookworm). \* \* \* \*

"Thus the poor laborer, his earning capacity cut down by disease—with

on a peak like a swallow's nest, this unhappy little creature comes into the world; when it opens its eyes to the light of reason it does not hear the village bell reminding him to lift his soul to the Divine One and render homage to the Creator of Worlds; he hears only the hoarse cry of the cock crowing in the early morning, and then he longs for the coming of Sunday to witness the strife and knavery of the cock-fights. [Deleted at this point is a single sentence on moral laxity, too sweeping in its application and too offensively expressed, to justify repetition in this pamphlet.] \* \* \* In the wretched tavern the food he finds is only the putrid salt meat, codfish filled with rotten red spots, and India rice, and the man who harvests the best coffee in the world, who helps to gather into the troughs the sweetest grains of nature and takes to pasture in the fields and meadows the beautiful calves, cannot raise to his lips the bit of meat, because the municipal tax places it out of his reach and almost duplicates the price of the tainted cod-fish; coffee becomes to him an article of luxury through its high price, and of sugar he can only taste that filled with molasses and impurities. . . . This eternal groan of the Porto Rican laborers is an infirmity of our present day society and consequently it is necessary to study it and remedy it."

That the accuracy of this description was appreciated in Porto Rico was evidenced by the fact that it was awarded a prize from the Economic Society of Friends of the Country.

Other contemporary testimony of prominent Porto Ricans to the same general effect is not lacking, but space forbids its inclusion.

Were this pitiable economic condition the result of a passing depression the situation would have been less hopeless, but the evidence is clear that the condition was one of long standing and that the tendency was to get worse rather than to improve. One would look in vain for a single ray of hope if Porto Rico were to continue its normal course as we found it. Health and sanitation, education and public works were such as naturally accompanied the situation of the people pictured.

Prior to the American occupation the Porto Rican people had received practically no training in self-government or the free exercise of the franchise. While there existed a body of educated, intelligent men, the great mass of the people were without experience or training in self-government, and only a small percentage could qualify as voters under very broad electoral qualifications.

The military Government in its brief existence of eighteen months accomplished the following:

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employment which is at best very irregular; with his sick wife and children, for whom he has to buy iron tonics that cost all he can make and scrape together; without money for clothes, much less shoes; with a palm bark hut not too well protected against the damp of the grove in which he lives; with not a scrap of furniture, save perhaps a hammock; and worst of all with a miserable diet lacking in proteids and fats—lives from day to day, saving [little or] nothing, knowing nothing of the world beyond his plantation, working mechanically, simply because he is not the drone he has been too frequently painted outside of Porto Rico. . . .

"He is a very sick man and deserves our highest respect and merits our most careful attention as a vital element in the economic life of the Island. The American people should take seriously into account his future, which is at present anything but promising."

An investigating commission from the Rockefeller Foundation has confirmed the foregoing report as to the serious effects of hookworm on the social and economic life of the Island. The Foundation, as is well known, is assisting in the work of combating the malady, now relieved to a considerable extent for not a few of the population.

1—Order was re-established and an insular police force organized.

2—The more obvious burdens of taxation as they fell on the very poor people were abolished, and a careful study made by an expert, preparatory to the adoption of a proper revenue system for the island.

3—Such changes in the judicial system were made as were necessary to bring that system more in accordance with American procedure and with the American view of individual rights and liberty.

4—A Department of Education was established; Boards of Health were organized; the public works were reorganized and progress in road building was greater than in all the previous history of Porto Rico.

And finally the Government was reorganized in accordance with the act passed by Congress to establish a civil government in order that there might be a minimum of friction in changing from the military to the civil government.

Experience has shown that this organic act, though intended to be temporary, was quite up to the standard of such acts, and that it gave to the people of Porto Rico a liberal form of government under which they could acquire experience in democratic government honestly administered and could enjoy all of the rights and privileges to which we are accustomed. Under it the possibility of development was great and this possibility was realized.

Congress, recognizing the progress in Porto Rico, enacted in 1917 the present organic law. Under this law the Porto Rican people were made citizens of the United States. All of the guarantees of the Constitution are extended to Porto Rico, or the Legislature of Porto Rico is granted authority to make effective those guarantees not specifically extended.

The great satisfaction in Porto Rico at the passage of this act is the best evidence of its liberality.

The principal difference between the Government of Porto Rico and that of the organized and incorporated Territories of the United States is the greater power of the Legislature and the fiscal provisions governing Porto Rico, which are far more liberal than those of any of our States or Territories.

Through the urging of the War Department, the United States income tax of 1913 was extended to Porto Rico, with a provision authorizing the modification of the law by the local Legislature and directing that the income from this source go into the insular Treasury.

In the revision of the organic act of Porto Rico in 1917, the War Department, with the assistance of the Governor, was enabled to secure a provision similar to the one in effect in the Philippine Islands; that is, that the internal revenue collected in the United States on Porto Rican products should be turned in to the Treasury of Porto Rico. These two taxes are now carried in the returns of the revenues of Porto Rico as "United States internal revenues" and "income taxes," and together they constitute a good part of the revenues of the Government.

The Treasury of Porto Rico receives the customs duties collected in Porto Rico, less the cost of collection. It receives the internal revenue taxes which are laid by its own Legislature and collected in Porto Rico. It receives the income taxes which are laid by its own Legislature. It receives the internal revenue taxes collected in the United States on Porto Rican products consumed in the United States.

I have set down a few scattered facts, which, however, sufficiently show the consequences of Porto Rico's union with the United States. We found the people of Porto Rico poor and distressed, without hope for the future, ignorant, poverty-stricken and diseased, not knowing what constituted a free and democratic government and without the experience of having participated in any government. We have progressed in the relief of poverty and distress, in the eradication of disease, and have attempted, with some success, to inculcate in the inhabitants the basic ideas of a

free, democratic government. We have now in Porto Rico a government in which the participation by Americans from the United States is indeed small. We have given to the Porto Rican practically every right and privilege which we permitted ourselves to exercise. We have now progressed to the point where discouragement is replaced by hope, and while only thirty years ago one was indeed an optimist to see anything promising in Porto Rico, to-day one is indeed a pessimist who can see any reasonable human ambition beyond the horizon of its people.

It is not desired to leave the impression that all progress in Porto Rico was due to continental Americans. Without the coöperation and assistance of Porto Ricans progress would indeed have been negligible, but the coöperation is largely due to the encouragement of American assistance, American methods and an increase in the reward of efforts made.

There has been a natural hesitation to recall and dwell upon the unfortunate condition of Porto Rico in the past. There is a feeling, however, that the United States is entitled to a good name in its dealing with Porto Rico and to protect itself from any reflection on its good name. Perhaps no Territory in the world has received such considerate treatment in the past thirty years as has Porto Rico, and perhaps nowhere else has progress been so marked and so apparent as in Porto Rico. We are certainly entitled to a large part of the credit for this situation.

There exists to-day in Porto Rico a Department of Health in all respects modern and including in its activities all branches of modern public health work. Not of least importance as showing the marked progress in health matters in Porto Rico in recent years is the fact that it is completely manned by Porto Ricans. The improvement in the health conditions of Porto Rico is not fully indicated by the reduction in death rate alone, though this rate had been almost divided by two since the early days of American sovereignty of the island. The practical eradication of small-pox, which had existed continuously in the island for more than forty years and which had resulted in more than 600 deaths annually for the last ten years prior to American sovereignty; the diagnosis of the so-called tropical "anemia" which affected the great bulk of the population of Porto Rico; the discoveries in Cuba in the method of propagating yellow fever, were concrete benefits to the health situation in Porto Rico and have been of continuous benefit.

The history of education in Porto Rico prior to its occupation by the United States is very largely the history of individual effort. Individuals of character and determination would establish and conduct a school, and it would generally disappear with the persons establishing it. Governmental efforts likewise lacked continuity. About the year 1860 a more determined governmental effort was made, and in 1898 the maximum enrollment in the public schools and private schools was 29,182, which has increased to 213,321. The per capita expenditure for public education in Porto Rico has increased during the period of American sovereignty from 30 cents per annum to approximately \$4 per annum. The number of government-owned public school buildings has increased from none to 991. The Department of Health and the Department of Education of Porto Rico are combining to make of the Porto Ricans of the future a different type physically and mentally from those we found in Porto Rico.

Not because they are entitled to first consideration, but because they are so readily measured and would be of fundamental importance in any change of status, it may be well briefly to recall some of the direct financial advantages to Porto Rico accruing from its relation to the United States.

Porto Rico pays no tax to the United States Treasury. The Federal services in Porto Rico are supported from the United States Treasury.

The services which benefit directly and financially the people of Porto Rico are the Lighthouse Service, the Agricultural Experiment Station

and financial assistance to the College of Agriculture, the maintenance of the Porto Rico Regiment of the Army, the activities of the Veterans' Bureau and Federal participation in harbor improvements. In a more general way, Porto Rico receives the protection of the army and navy and the service of the Department of State and its diplomatic and consular service.

The expenditure from the United States accruing directly to the people of Porto Rico is not less than \$5,000,000 per annum.

In the fiscal year 1927 the total operating revenue of Porto Rico was \$11,191,893.11. Of this total the following, in our States and Territories, would not accrue to the local Treasury.

Customs .....	\$1,806,567.91
Income taxes .....	1,565,745.98
United States internal revenue .....	440,660.71
Total .....	\$3,812,964.60
Excise taxes (which would in great part not accrue to local Treasury) .....	5,701,502.33
Total .....	\$9,514,466.93

It will be observed, therefore, that had we not given special and very considerate attention to its needs, but had treated Porto Rico as we have treated the incorporated territory of the United States, of the more than \$11,000,000 subject to appropriation by the elected Legislature of Porto Rico there would have been not to exceed \$2,000,000 available.

The United States tariff extends to Porto Rico, and no part—certainly no agricultural part—of our territory is so favored by its tariff. And the striking development of Porto Rico under American sovereignty, as shown by the growth of imports and exports, is in a material part due to this favorable tariff treatment of its products.

The total exports from Porto Rico in the last complete years of Spanish sovereignty were \$11,555,962. In the fiscal year 1927 this total was \$108,067,434. The total imports in the last Spanish year were \$10,725,563, and in 1927 were \$98,810,750.

Comparing this with one of the most prosperous, wholly independent neighbors of Porto Rico, we find that in the period in which the exterior trade of Porto Rico has been multiplied by nine that of its neighbor has been multiplied by less than seven.

The total value of Porto Rican products shipped to the United States in the fiscal year was \$97,823,523, and of this total \$97,000,000 was highly protected in the American market. The total purchase by Porto Rico in the markets of the United States in the same calendar year was \$87,046,319. For a number of years Cuba has been the largest purchaser of Porto Rican coffee, which is given a 20 per cent reduction of the Cuban tariff as an American product, not because Cuba sells to Porto Rico but because Cuba sells to the United States.

The advantage of the United States market to Porto Rico can the better be appreciated when it is noted that of the \$97,000,000 of Porto Rican products sold in the last calendar year into the United States there would have been imposed, had these products come from countries not enjoying free admission into the United States, a duty of approximately \$57,000,000.

On the products from the continental United States entering Porto Rico during the same period the duty imposed, had they come from a foreign country, would have been less than one-third of this amount. Certainly Porto Rico would not desire reciprocity to be more favorable to it.

The bonded indebtedness of Porto Rico is \$25,555,000, and that of the municipalities of Porto Rico \$18,772,000. These bonds are practically all held in the United States. Due to the fact that these bonds are tax exempt by a United States statute, Porto Rico pays in annual interest at least 2 per cent less than would otherwise be paid—a saving of approximately \$886,540 annually.

In what way, by a greater grant of autonomy, could Porto Rico so look after the market for its products or the market for its bonds, or in what way could it improve the economic position of its Government or its people?

In studying the effect of granting to Porto Rico what was requested in the cablegram sent to me, one must naturally begin with the assumption that the products of Porto Rico would be for some time approximately what they now are. The change would be in disposing of them. In the year 1926 Porto Rico sold in the United States market 1,157,000,000 pounds of sugar and received therefor \$48,200,000. A near neighbor sold an equal quantity of sugar for \$22,800,000. Porto Rico sold in the United States in the same year 20,500,000 pounds of leaf tobacco for \$18,000,000. Its neighbor sold an equal quantity of leaf tobacco for \$1,192,000. In the sale of tobacco the element of quality enters, but these numbers sufficiently show the effect of the free entry to the United States market on the two principal products of the island, and show the extent to which the funds now used to make its purchases abroad and to meet its indebtedness abroad would shrink if the privilege were withdrawn. This shrinkage must be followed by a corresponding shrinkage in the revenues that go to support the activities in Porto Rico which mean progress for the future.

There is no disposition in America, and certainly not on my part, to discourage any reasonable aspiration of the people of Porto Rico. The island has so improved and its people have so progressed in the last generation as to justify high hopes for the future, but it certainly is not unreasonable to ask that those who speak for Porto Rico limit their petition to those things which may be granted without a denial of such hope. Nor is it unreasonable to suggest that the people of Porto Rico, who are a part of the people of the United States, will progress with the people of the United States rather than be isolated from the source from which they have received practically their only hope of progress.

CALVIN COOLIDGE.

February 28, 1928.

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